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MUNICIPAL ENERGY REFORM IN UKRAINE

MUNICIPAL ENERGY REFORM PROJECT (MERP)

FOURTH QUARTERLY REPORT

JULY 1, 2014 – SEPTEMBER 30, 2014



October 2014

This document was produced for review by the United States Agency for International Development (USAID). It was prepared by the Municipal Energy Reform Project in Ukraine implemented by International Resources Group for USAID/Ukraine.

Key to cover photos:

<p>MERP DCOP Andriy Mitskan with partners after first training seminar on SEAP for the First Group of partner cities</p>	<p>MERP social assistance experts present guidelines and procedures for specialists from Ministry of Social Policy</p>	<p>MERP experts conduct training workshop for focus group moderators in Dnipropetrovsk</p>
<p>MERP experts at the Round Table “Enhanced Inter-Agency Coordination for National GHG Inventory System in Ukraine”</p>	<p>Round Table on biofuel investment opportunities in Ukrainian cities organized by MERP in cooperation with LAESM takes place in Vinnytsia</p>	<p>Young visitors participate in scientific workshop on Clean Energy during USAID Field Day in Lviv</p>
<p>MERP DCOP Andriy Mitskan talks during the second training seminar on SEAP for the first group of partner cities in Lviv</p>	<p>USAID COR Andriy Nesterenko participates in the 10th International Conference “Energy of Biomass”</p>	<p>MERP COP Bil Tucker communicates with the Media before MOU signing with Dnipropetrovsk Oblast Council</p>

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DISCLAIMER

The authors' views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

TABLE OF CONTENTS

ACRONYMS	1
BACKGROUND	1
A. SUMMARY OF PROGRESS AND ACCOMPLISHMENTS	2
B. DELIVERABLES	6
C. DETAILED DESCRIPTION OF PROGRESS/ACCOMPLISHMENTS DURING THE REPORTING PERIOD	13
c.1 Project Team	13
c.2 Environmental Compliance Report	13
c.3 Detailed assessment and analysis of progress made on each of the tasks and milestones	15
ACTIVITY 1: IMPROVE CLEAN ENERGY REGULATORY AND LEGISLATIVE ENABLING ENVIRONMENT	17
ACTIVITY 2: PROMOTE INVESTMENT IN CLEAN ENERGY TEHNOLOGIES AND APPLICATIONS	22
ACTIVITY 3: CAPACITY BUILDING AND DISSEMINATION	30
ACTIVITY 4: ENHANCE CAPACITY FOR THE GOU IN LOW EMISSION DEVELOPMENT STRATEGIES (EC LEDS)	31
c.4 Performance indicators.....	36
D. SCHEDULES	46
E. PROBLEMS	47
F. PLANS	49
ATTACHMENT I	52

ACRONYMS

AUC	Association of Ukrainian Cities
CA	Condominium Association
CE	Clean Energy
CEE	Central and Eastern Europe
CHP	Combined Heat and Power
COM	Cabinet of Ministers of Ukraine
DCA	Development Credit Authority
DH	District Heating
DIR	Data and Information Request
DTEK	Donbass Energy and Fuel Company
EAB	Energy Audit of Building
EBRD	European Bank for Reconstruction and Development
EC-LEDS	Enhanced Capability-Low Emissions Development Strategies
EE	Energy Efficiency
EPC	Energy Performance Contracting
ESCO	Energy Service Company
ESIB	Energy Saving Initiative in the Building Sector in Eastern Europe and Central Asia
ESP	Energy Service Provider
EU	European Union
EWG	Expert Working Group
E5P	Eastern Europe Energy Efficiency and Environment Partnership
GCC	Global Climate Change
GDA	Global Development Alliance
GHG	Greenhouse Gas
GIZ	German Bilateral Aid Agency
GOU	Government of Ukraine
HOA	Home Owner Association

HOAC	Home Owner Advisory Center
IBSER	Institute for Budgetary and Socio-Economic Research
IEA	International Energy Agency
IFC	International Finance Corporation
IFI	International Financial Institution
IRG	International Resources Group
IRR	Internal Rate of Return
IT	Information Technology
LEDs	Low Emissions Development Strategies
MEP	Municipal Energy Plan
MEDT	Ministry of Economic Development and Trade
MEIS	Municipal Energy Information System
MH	Municipal Heating
MERP	Municipal Energy Reform Project
MinRegion	Ministry of Regional Development, Construction, Housing and Communal Services
MOU	Memorandum of Understanding
MSP	Ministry of Social Policy
MRV	Measurement, Reporting, and Verification
NAER	National Agency of Ukraine on Ensuring Efficient Energy Resources Management
NCCSMR	National Commission on Communal Services Market Regulation (see NCSRC)
NCSRC	National Communal Services Regulatory Commission
NEFCO	Nordic Environment Finance Corporation
NGO	Non-governmental organization
NMHS	National Municipal Heating Strategy
NIB	Nordic Investment Bank
NIISK	Ukrainian State Research Institute of Building Structures
NPV	Net Present Value
PC	Price Cap
PMP	Performance Monitoring Plan
PO	Purchase Order
PPP	Public-Private Partnership

PSA	Public Service Announcement
Q1, Q2, Q3	First Quarter, Second Quarter, Third Quarter
RAB	Regulatory Asset Base
RC	Revenue Cap
REDS	Resource Efficiency Development Strategies
ROR	Rate of Return Regulation
RFA	Request for Application
SDC	Swiss Agency for Development and Cooperation
SEAP	Sustainable Energy Action Plan
SIDA	Swedish International Development Cooperation Agency
SOW	Scope of Work
SSC	State Statistics Committee
TF	Task Force
TOR	Terms of Reference
TOT	Training of Trainers
UAH	Ukrainian Hrivna (currency)
UKEEP	Ukraine Energy Efficiency Program
UNDP	United Nations Development Program
UNFCCC	United Nation Framework Convention for Climate Change
USAID	United States Agency for International Development
VR	Verkhovna Rada (legislature)
WB	World Bank

BACKGROUND

The United States Agency for International Development (USAID) Mission for Ukraine, Moldova, and Belarus, Office of Economic Growth supports the implementation of the **Municipal Energy Reform Project (MERP, the Project) in Ukraine** as described in the Statement of Work and further detailed in International Resources Group's (IRG) Technical Proposal, and subsequent modifications.

The primary purpose of the USAID MERP is to enhance Ukraine's energy security. Increased end-use energy efficiency (EE) combined with increased production of clean energy (CE) in large towns and cities will reduce the consumption of conventional energy in Ukraine while cutting greenhouse gas (GHG) emissions, energy expenditures, and gas imports. The Project has four main tasks:

- Improve CE Regulatory and Legislative Enabling Environment;
- Promote Investment in Clean Energy Technologies and Applications;
- Strengthen Capacity Building and Dissemination; and
- Enhance Capacity for the GOU in Low Emission Development Strategies.

The GOU is engaged in reforming the municipal energy sector and addressing challenges identified in the Presidential Program of Economic Reforms for 2010-2014, with an emphasis on CE/EE through price signals and improving the competitiveness and reliability of municipal services. Ukraine's energy policies are shifting to domestic resources and strengthening the energy market framework to EU standards. Adoption and full implementation of Energy Community Treaty and GCC Convention provisions could provide Ukraine with a competitive, transparent, and predictable market framework to attract investment, and underpin CE and EE improvements in the energy sector.

The Project focuses on introduction of energy efficiency and clean energy in cities by assisting municipalities with planning, preparing, and financing clean energy projects; introduction of energy management systems; supporting implementation of development of DCA loan guarantees; supporting mechanisms that mobilize private sector investment (i.e. ESCOs); and preparing sustainable energy public awareness plans.

This Fourth Quarterly Report is submitted in accordance with the Contract requirements and covers the project period from July 1, 2014 through September 30, 2014. It serves as a tool for evaluating the Project's progress and achievements and provides a summary of Project activities, accomplishments, issues, and problems encountered in implementing the activities set by the Project Work Plan. It also notes the accomplishments in the context of indicators set by the Monitoring and Evaluation Plan. This Quarterly Report #4 summarizes activities from the Project start until the end of the fourth Project quarter (FY 2014).

A. SUMMARY OF PROGRESS AND ACCOMPLISHMENTS

General Accomplishments:

The overall objective of the MERP is to enhance Ukraine's energy security. Increased end-use energy efficiency combined with increased production of clean energy in large towns and cities should reduce the consumption of imported conventional energy (i.e., imported natural gas from Russia), while cutting greenhouse gas emissions as well as energy expenditures and imports.

During this quarter, Eastern Ukraine experienced continued extreme socio-political disruption in two Eastern oblasts, and the tendered resignation of the Prime Minister, which was later rejected by the Rada. In addition, President and Prime Minister initiated GOU administration reform by liquidating and merging number of governmental agencies, as well as changing leadership:

- On August 27, the President of Ukraine dissolved the National Communal Services Regulatory Commission and the National Energy Regulatory Commission through issuance of Decrees 692 and 693. Simultaneously, he issued Decrees 694 and 695 thereby establishing new National Energy and Communal Services Regulatory Commission and appointing new commissioners to the new Regulatory Commission. Legal analysis of MERP indicated that liquidation of the two regulators was made with serious violation of Ukrainian legislation and contradiction with EU Energy Community requirements on independence of the regulatory bodies. It is important that USAID supports continuity of Tariff and Regulatory Reforms and initiates training and capacity building of the new Regulatory Commission.
- On September 15, the Cabinet of Ministers published its Order 442 of September 10, 2014, "On Administrative Improvements of National Government Institutions". By this order, MERP counterpart, the State Environmental Investment Agency (SEIA), was liquidated. Its functions were transferred to the Ministry of Environment. Therefore, most of the operations and work on LEDS-REDS has been stopped due to very limited availability of GOU staff. SEIA and MERP enjoyed a cooperative partnership on LEDS-REDS, jointly working on Climate Change Strategy, improvement of National GHG Emission Inventory, and MRV. It is important that USAID supports continuity of LEDS-REDS assistance and initiates a meeting with the Minister of Environment.
- The Cabinet of Ministers appointed Sergei Savchuk the Chairman of the State Agency for Energy Efficiency. Sergei Savchuk was Secretary of Rada Faction "For Energy Independence of Ukraine". MERP and MHRP had good cooperation with Mr Savchuk on energy efficiency and renewable energy topics. Because of this appointment, a revitalization of cooperation with SAEE is anticipated, and it will likely play a more active role in development and implementation of energy efficiency and clean energy policies than in the past.

Despite significant restructuring of GOU agencies and increased GOU attention to the war with Russia in Eastern Ukraine, MERP made very good progress in accomplishment of the Work Plan for Year 1. During the reporting period, MERP advanced nearly all Project activities in accordance with the Work Plan for Year 1 approved by the USAID Mission in Ukraine. The Project regularly reported to USAID on achievement of Project milestones and continuously alerted USAID to changes in GOU counterpart agencies and personnel that MERP interacts with on a regular basis.

On the technical side, the Project made good progress in four main activities: (i) improve the clean energy regulatory and legislative enabling environment; (ii) promote investment in clean energy technologies and applications; (iii) capacity building and dissemination; and (iv) Enhance Capacity for the GOU in Low Emission Development Strategies (EC-LEDs).

Coordination with USG, USAID and USAID Funded Projects:

MERP COP Bil Tucker met with US Ambassador Bond, USAID Deputy Mission Director Ann Marie Yastishock, Program Office Director Peter Duffy, Deputy Director of OEG Mickey Torreano, and other USAID staff, on MERP assistance at the regional level. MERP presented project activities with municipalities and provided analytical information on their ability to advance energy efficiency reforms. The capability and organization of oblast administrations, including potential to support municipal energy reforms by providing dissemination of the best practices, was presented and discussed.

MERP management met with MinRegion and with USG and USAID officials Steve Burns, Senior Coordinator of Energy Programs from E&E Bureau, Peter Duffy, Acting Deputy Mission Director, and John Bush, Energy Officer of US Embassy in Ukraine. Mr Belousov, Deputy Minister of MinRegion, informed participants of the pace of energy efficiency reforms in the communal sector. The Deputy Minister expressed high appreciation of USAID MERP assistance in the areas of ESCO legislation, development of Draft Law on EE in Buildings, and improvement of HOAs Law.

MERP management met with Benjamin Long, USAID/OTI, Transition Advisor from Washington, USAID Mission OEG Deputy Director Mickey Torreano and OEG Project Management Assistant Maria Garastovskaya to discuss public outreach and national public information campaign issues. Mr Long informed about start-up of the new USAID Ukraine Confidence Building Initiative (UCBI) program, implemented by Chemonics.

At a following meeting, MERP management met with Chris Scott, COP of UCBI. Participants discussed coordination of assistance to the GOU and its Ministries on strategic communication. MERP briefed on its activities with MinRegion, Ministry of Social Policy, the Commission, and partner cities on the targeted public information campaign. MERP expressed willingness to provide strategic Public Service Announcements (PSAs) on energy efficiency, renewable energy, and social protection of low-income consumers to the Cabinet of Ministers' press office in support of national strategic communication objectives and to ensure harmonization of themes and messages with USAID project outreach and communication objectives.

National Level Assistance:

Early in August, the Government of Ukraine approved the Decree "On Certain Social Norms in the Area of Housing and Utility Services", the result of joint efforts of the Municipal Heating Reform Project (MHRP, 2009-2013), World Bank, and current Municipal Energy Reform Project (MERP, 2013 - present). The issuance of this decree is due to the extensive study completed by MHRP about 'norms' used by gas utility companies. The study determined that the old billing 'norms' were 1.3 to 2 times higher than actual metered consumption. This report was instrumental in the passage of the Resolution of the Cabinet of Ministers 409, which changes the previous billing 'norms' to correct levels, resulting in estimated savings to consumers of \$400 to \$500 million per year according to the Government of Ukraine. Expectation is that up to two million households will apply for a subsidy through the heating season. A new methodology based on this work will change the existing scheme according to which subsidies are granted. To help Ukraine address this issue, MERP trained about 625 staff members of the regional offices at the Ministry of Social Policy relative to implementation of Resolution #409, i.e. procedure for setting, calculating, and providing compensation mechanism for utility bills to the low-income population.

In September, the Ministry of Economy issued a Resolution #1111, which approves Ukrainian standard on Energy Management. The standard is an equivalent of international standard ISO 50001. It was developed by SAEE with assistance of EU Delegation and MERP. MERP is working on establishment of energy management systems in all partner cities based on ISO 50001.

MERP provided support to the GOU High Level Working Group (HLWG) on municipal energy reform. Project experts assisted the GOU with preparation and development/update of key legislation (such as package of legislation on ESCOs, Law on Energy Efficiency in Buildings, set of legislation on HOAs, and others). The package of legislation on ESCOs was concurred by the GOU Committee and was submitted to the Cabinet of Ministers. The Draft Law on Energy Efficiency in Buildings was updated and submitted for concurrence to the GOU Committee led by Vice-Prime Minister Volodymyr Groysman.

The Project continued assistance to the NCSRC that resulted in GOU approval of necessary tariff increases for communal services (both heat and water) to the cost-recovery level. MERP supported the Regulator and utilities in calculating and applying new tariffs. Project experts finalized technical specifications for a Regulatory Information Management System and made good progress in introduction of a new regulatory [accounting and reporting system](#).

Capacity Building:

MERP provided assistance and capacity building support to the NCSRC in order to improve methodological recommendations on accounting and reporting by the licensees in the communal services sphere. MERP will keep assisting NCSRC staff in reviewing the rules of accounting for revenues, costs, financial results and assets by licensees, that produce, transport and supply heat energy. MERP also assessed training needs of both the MinRegion and NCSRC. Project experts developed recommendations for a Capacity Building Plan for MinRegion and PIU staff, which includes the following measures: trainings, seminars, round tables and study tours.

MERP selected five local NGOs for capacity building based on selection criteria agreed to by USAID. Organizational Capacity Assessments were conducted and reported to USAID. Capacity Building Plans were developed for each of the selected NGOs. Training seminars were developed and delivered for the NGOs. A Basic Agenda for USAID direct awards was prepared and submitted to USAID.

LEDS-REDS Activities:

MERP continued to establish cooperation with all LEDS-related state bodies. As the State Environmental Investment Agency (SEIA) had been identified as one of the core players and partners for LEDS development and implementation activities, MERP signed a Cooperation Work Plan with them. As one of its activities, MERP initiated dialogue between SEIA and the EU Covenant of Mayors Representative Office in Ukraine to ensure a holistic approach to National GHG Inventory System. An IPCC 2006 assessment was conducted of the National GHG Inventory System, and a National GHG Inventory Enhancement Plan prepared and submitted to the State Environmental Investment Agency. MERP provided assistance for update and approval of the National Action Plan on Renewable Energy. The analytical tool TIMES-Ukraine was updated and readied for use for LEDS-REDS purposes. MRV Law Draft Elements were prepared and submitted to SEIA.

Municipal Assistance:

MERP provided assistance to its first group of partner cities on Sustainable Energy Action Planning (SEAP). MERP assisted cities on establishing Advisory Committees on development and implementation of SEAPs. Also, MERP organized and presented a series of workshops for the First

Group of six partner cities (Dnipropetrovsk, Ivano-Frankivsk, Kramatorsk, Kherson, Vinnytsa, and Chernihiv) regarding data collection methodology and definition of baseline for Sustainable Energy Action Plans (SEAPs). In addition, MERP accepted the city of Zaporizhzhia for the first group of partner cities. MERP presented data collection tools and the Municipal Energy Information System that is to be used in preparing baseline scenarios for energy consumption and CO2 emissions. MERP energy auditors ARNIKA and Optimenergo conducted energy audits of municipal systems in the cities for the purpose of SEAP development: heating, street lighting, water supply and transport. Each of the partner cities was assisted by Regional Training Centers to develop baselines for energy consumption and CO2 emissions of these municipal sectors.

MERP experts from ARNIKA and OptimEnergo also developed a Draft Manual on Municipal Energy Management based on ISO 50001 requirements. The document was submitted for review to industry specialists. Project experts reviewed current systems of energy management in the partner cities. Based on this assessment, MERP will organize a series of training seminars on municipal energy management that will start during the next quarter.

MERP provided assistance to forming and improving the functionality of local PIUs for WB DH loans in five partner cities (participants in WB DH project). MERP assisted implementation of USAID DCA program with Bank Lviv. With MERP assistance, Bank Lviv financed six projects for the total of Euro 700 000 and UAH 4 680 000.

MERP provided public information materials to the Regional Consulting Centers and Regional Offices of the Association of Ukrainian Cities and Communities in order to target outreach. Over 900 booklets about Condominium development and operation, as well as over 600 “Ten Tips” brochures on how to conserve energy in apartment buildings were sent to the Condominium Resource Center in Lviv as well as distributed during Energy Efficiency Days in Vinnytsia and Lviv.

Advanced Donor Coordination:

During the reporting period, MERP continued close coordination with donors and donors’ projects in the areas of municipal energy efficiency and clean energy. The Project made good progress in developing an e-based platform for donor coordination. A technical solution (based on Google Services) and a mock-up of the e-based donor coordination platform were prepared. Each donor organization submitted initial data on its activities and projects, as well as the name of authorized users. MERP purchased the name of the domain of the platform. The e-based advanced donor coordination platform was finalized during the reporting quarter. Project experts presented the coordination tool at the donors meeting and agreed on a schedule of individual training seminars to support utilization of the e-based platform.

MERP management participated in a number of coordination meetings with WB, EBRD, NEFCO, GIZ, EU Delegation, and other donor agencies involved in municipal energy efficiency and clean energy assistance.

B. DELIVERABLES

Fourth Quarter deliverables of the MER Project were provided to USAID on CD and include the following items:

#	Activity	Month	Title of Report	Language
1	Activity 1	July	Comments to the draft National Action plan on Energy Efficiency till 2020	English, Ukrainian
2	Activity 1	July	Short reference on the draft law of Ukraine On commercial accounting in fields of heat supply, centralized water supply and sanitation, provision of communal services	English, Ukrainian
3	Activity 1	July	Materials for discussion of Methodic recommendations on determination of threshold of investment component in the tariff for centralized water supply and sanitation	English, Ukrainian
4	Activities 1	July	Draft order of the Cabinet of Ministers of Ukraine On adoption of Concept of introduction of quality regulation system in field of communal services	English, Ukrainian
5	Activity 1	July	Explanatory note to the draft order of the Cabinet of Minister of Ukraine On adoption of Concept of introduction of quality regulation system in field of communal services	English, Ukrainian
6	Activity 1	July	Reference on legal status of national commissions for state regulation of certain spheres in connection with registration in Verkhovna Rada of Ukraine of the draft Law of Ukraine On amendments to the Constitution of Ukraine (regarding competence of state authority bodies and local governments) #4178a dated June 26, 2014 submitted by the President of Ukraine	English, Ukrainian
7	Activity 1	July	Reference on draft Law of Ukraine On licensing of certain types of economic activity (register #4743 dated 18.04.2014)	English, Ukrainian
8	Activity 1	July	Short reference on draft resolution of the Cabinet of Ministers of Ukraine On stimulation	English,

			of natural gas in field of heat supply	Ukrainian
9	Activity 1	August	Reference on the draft Law of Ukraine On amendments to some legislative acts of Ukraine (regarding removing regulatory barriers for development of public-private partnership in Ukraine and stimulating investments), #4237a dated 03.07.2014	English, Ukrainian
10	Activity 1	August	Reference on issues of development of methodological recommendations on determination of threshold of investment component in the tariff for centralized water supply and sanitation	English, Ukrainian
11	Activity 1	August	Answers to the comments of the National Commission for Communal Services Market Regulation to analytical materials presented in the reference on issues of development of methodological recommendations on determination of threshold of investment component in tariff for centralized water supply and sanitation dated 10.07.2014	English, Ukrainian
12	Activity 1	August	Recommendations on format of organization of trainings of MinRegion's employees as a result of the meeting with the representatives of Central PIU under MinRegion	English, Ukrainian
13	Activity 1	August	Short reference on draft laws of Reanimation Package of Reforms	English, Ukrainian
14	Activity 1	August	Participation of JurEnergConsulting's experts in the events on issues of development of legislative and regulatory framework of energy sector and housing and communal sector	English, Ukrainian
15	Activity 1	September	Proposals upon results of discussion of Methodic recommendations on determination of threshold of investment component in a tariff for centralized water supply and sanitation	English, Ukrainian
16	Activity 1	September	Analytical reference on obligations of Ukraine and implementation of Directives of the European Parliament and the Council 2001/80/EC and 2010/75/EU to the national legislation of Ukraine in context of the Energy Community Treaty and the Association	English, Ukrainian

			agreement of Ukraine with EU	
17	Activity 1	September	Reference on legal status of national commissions for state regulation in certain spheres in context of the Association agreement between Ukraine, from the one part, and the European Union, European Nuclear Energy Community and their Member States, from the other part	English, Ukrainian
18	Activity 1	September	Identification of options on improvement of legislation in field of public-private partnership (transfer into concession of objects in field of heat supply, water supply and sanitation that are in communal ownership) in part of improvement of quality of management decisions and increasing of transparency in this field	English, Ukrainian
19	Activity 1	September	Proposals on amendments to Procedure of development, approval and adoption of investment programs	English, Ukrainian
20	Activity 1	September	Comparative table to draft order On adoption of amendments to procedures of development, approval and adoption of investment programs of economic subjects in field of heat supply, centralized water supply and sanitation	English, Ukrainian
21	Activity 1	September	Reference on draft National Action Plan on Renewable Energy (NAPRE) for the period till 2020	English, Ukrainian
22	Activity 1	September	Reference on establishment of the National Energy and Communal Services Regulating Commission	English, Ukrainian
23	Activity 1	August	Report on fulfillment of tasks relative development of the Service Quality Monitoring System in the framework of implementation of the USAID Municipal Energy Reform in Ukraine Project	Ukrainian
24	Activity 1	September	Progress report on assistance and capacity building support to the Commission to develop standardized accounting and reporting procedures and forms and facilitate their use by utilities	Ukrainian
25	Activity 1	September	Recommendations on the choice of methods (combination of methods) and parameters that have to be used for conducting benchmarking	Ukrainian

			Working paper	
26	Activity 1	July	Analysis of draft Laws of Ukraine “On peculiarities of the right of ownership in a multi-family residential building” and “On introducing changes to certain legislative acts in order to improve the relations in the sphere of housing and utility services”	Ukrainian
27	Activity 1	September	Report on the workshop on social norms, based on which privileges and subsidies for payment of housing and utility services will be granted, and on changes to the procedure governing provision of housing subsidies –Kyiv, September 2, 2014	Ukrainian
28	Activity 1	June	Concept of the system of social assistance for households regarding payment for housing and utility services (DRAFT Interim Report)	Ukrainian
29	Activity 1	August	Presentation Social norms and social norms home use housing and communal services new mechanisms of social protection of consumers of utility services	Ukrainian
30	Activity 1	July	Working paper on laws and regulations, which had a significant impact on heating tariffs, district heating services, and hot water supply	English
31	Activity 1	September	Draft Law On Energy Efficiency	English, Ukrainian
32	Activity 1	August	Report “Unification of common parameters (assumptions) of national (“TIMES-Ukraine” model) and municipal modeling (SEAP)”	Ukrainian
33	Activity 1	September	Draft National Action plan on Renewable Energy till 2020	Ukrainian
34	Activity 1	September	Draft order On the Action Plan for the implementation of the European Parliament and of the Council Directive 2009/28 / EC	Ukrainian
35	Activity 1	September	Draft plan On implementing measures of the European Parliament and Council Directive 2009/28 / EC on the promotion of the use of	Ukrainian

			energy produced from renewable sources	
36	Activity 1	September	Approved Energy management system Requirements and guidance for use (ISO 50001:2011, IDT)	Ukrainian
37	Activity 1	September	Analytical Reference on obligations of Ukraine on implementation of the European Parliament and of the Council Directives 2001/80 / EU and 2010/75 / EU into national legislation of Ukraine in the context of the Treaty establishing the Energy Community and Ukraine Association Agreement with the EU	Ukrainian
38	Activity 2	September	Concept of converting Condominium Advisory Centers into Clean Energy Advisory Centers (Draft)	Ukrainian
39	Activity 2	July	Report on workshops for focus groups moderators “Public opinion surveys by means of focus groups: theory, methodology, and practice” held on June 12-13 in Chernihiv, June 26-27 in Ivano-Frankivsk, and July 3-4 in Dnipropetrovsk	Ukrainian
40	Activity 2	August	Report on the workshop for focus groups moderators “Public opinion surveys by means of focus groups: theory, methodology, and practice” – Zaporizhzhia, July 24-25, 2014	Ukrainian
41	Activity 2	September	Report on Round Table “Natural Gas Replacement with Alternative and Renewable Energy Sources: from Investment Project Development to Implementation” August 28, 2014, Vinnytsya	Ukrainian
42	Activity 2	September	Assessment of the willingness of the local banks to use Development Credit Authority Loan Guarantee	English
43	Activity 2	September	Draft Concept of SEAP for Kherson	Ukrainian
44	Activity 2	September	Draft Concept of SEAP for Zaporizhzhia	Ukrainian
45	Activity 2	September	Report Energy Audit with recommendations for energy efficiency measures, renewable energy and investment projects for SEAP of Kherson	Ukrainian
46	Activity 2	September	Report Energy Audit with recommendations for energy efficiency measures, renewable energy and investment projects for SEAP of	Ukrainian

			Dnipropetrovsk	
47	Activity 2	September	Report Energy Audit with recommendations for energy efficiency measures, renewable energy and investment projects for SEAP of Ivano-Frankivsk	Ukrainian
48	Activity 2	September	Report Energy Audit with recommendations for energy efficiency measures, renewable energy and investment projects for SEAP of Chernihiv	Ukrainian
49	Activity 2	August	Report on Recommendations for the Project Implementation Unit (PIU) creation	Ukrainian
50	Activity 2	September	Presentations on Energy Management	Ukrainian
51	Activity 2	August	Presentations on Kamjanets-Podilskyy Seminar on SEAPs	Ukrainian
52	Activity 2	September	Presentations on Lviv Seminar on SEAPs	Ukrainian
53	Activity 2	September	Inventory of CO2 emissions for Kramatorsk	Ukrainian
54	Activity 2	September	Inventory of CO2 emissions for Zaporizhzhia	Ukrainian
55	Activity 2	September	Inventory of CO2 emissions for Kherson	Ukrainian
56	Activity 2	September	Methods of implementing Energy Audits in Buildings DSTU B B.2.2-XXX:201X	Ukrainian
57	Activity 2	August	Draft proposal for the “Draft Template Monitoring Plan for municipal boiler stations”	Ukrainian
58	Activity 2	September	Draft proposal for the development of “Methodology for estimation of GHG emissions for municipal boiler stations in the sector stationary fuel combustion”	Ukrainian
59	Activity 2	September	Guide (book) on Municipal energy management	Ukrainian
60	Activity 2	September	Brochures on Energy Efficiency	English
61	Activity 3	July	Memorandum on Milestone 3.2 “OCA conducted. Training needs identified”	English
62	Activity 3	September	Recommendation memo regarding selection of a local partner from the existing pool of NGOs	English

63	Activity 3	September	Capacity Building Plan NGO AEEU	Ukrainian
64	Activity 3	September	Capacity Building Plan NGO CEIU	Ukrainian
65	Activity 3	September	Capacity Building Plan NGO EA	Ukrainian
66	Activity 3	September	Capacity Building Plan NGO ABE	Ukrainian
67	Activity 3	September	Capacity Building Plan NGO AEEC	Ukrainian
68	Activity 3	September	Training report on NGOs	Ukrainian
69	Activity 4	July	Memorandum on Accomplishment of MERP Milestone 4.3 “National Inventory System Enhanced”	English
70	Activity 4	September	Memorandum on Accomplishment of MERP Milestone 4.8 “Key Design Elements Developed for data base”	English
71	Activity 4	September	Memorandum on Accomplishment of MERP Milestone 4.7 “Budgetary programs prepared to allocate emission taxes for support implementation of LEDS/REDS”	English
72	Activity 4	September	Report “Enhancement and improving TIMES-Ukraine modeling to reflect LEDS”	Ukrainian
73	Activity 4	September	Report on Analysis of legislation in the areas of paying environmental taxes and analysis of state and local budgets on the use of environmental taxes	Ukrainian
74	Environment monitoring	September	Environmental Legislation Requirements Applicable to the Municipal Energy Reform Project (MERP)	English
75	Environment monitoring	September	Analysis of Potential Environmental Impact and Recommended Environmental Determination	English
76	Environment monitoring	September	Recommended Environmental Mitigation Measures Plan	English
77	Environment monitoring	September	Environmental Monitoring Plan	English

C. DETAILED DESCRIPTION OF PROGRESS/ACCOMPLISHMENTS DURING THE REPORTING PERIOD

C.1 PROJECT TEAM

During the reporting period, the MER Project worked in close cooperation with the key project stakeholders, the Ministry of Regional Development, Construction, Housing and Communal Services (MinRegion), Verkhovna Rada Committees, National Communal Services Regulatory Commission (NCCSMR) and members of the donor community.

MERP signed an MOU with Dnipropetrovsk Oblast Council on implementation and dissemination of energy efficiency measures in the cities of Dnipropetrovsk oblast.

The Ministry of Economic Development and Trade (MEDT) issued MER Project an updated Registration Card including the Ministry of Social Policy of Ukraine as a new recipient on August 4, 2014. The Project has a total of 20 recipients as of September 2014.

The Project also initiated the process of adding Municipal Development Institute (MDI), All-Ukrainian Charitable organization, NGO, as a Project co-implementer.

Due to the recent liquidation of two GOU counterparts (State Agency for Environmental Investments and National Commission for Communal Services Market Regulation), MERP will establish relations with their successors and will initiate their inclusion on the Project registration card.

MERP staff totals 14 employees.

C.2 ENVIRONMENTAL COMPLIANCE REPORT

The MERP team is taking actions to conform to USAID environmental regulations, 22 Code of Federal Regulations (CFR) 216. MERP incorporated environmental mitigation measures as a standard component of program management. The MERP team assessed and developed a plan to meet USAID and Ukrainian environmental requirements through mitigating, and monitoring environmental risks. Our team experts do not anticipate having any significant adverse environmental impacts from Project Activities. This is confirmed by IEE recommendation of “Categorical Exclusion” for most Project Tasks and Activities. “Negative Determination with Conditions” was defined for Tasks 1.2, 1.6, 2.2, 2.4, and 2.5 of MERP SOW. The team assessed the possible environmental risks for these tasks and started implementing measures recommended by the IEE (4.3.1-4.3.4).

During this reporting period, MERP submitted to USAID the MERP Environmental Compliance Report, based on TO Contract ANNEX 1 – Initial Environmental Examination.

The Report includes the following items:

Environmental Legislation Requirements

Environmental Determination

Mitigation Measures Plan

Monitoring Plan

The conclusions of the report are that the USAID MERP is in compliance with Ukrainian and Contract requirements on all implemented activities, and the Mitigation Measures Plan and Monitoring Plan are up to date and compliant with all requirements.

C.3 DETAILED ASSESSMENT AND ANALYSIS OF PROGRESS MADE ON EACH OF THE TASKS AND MILESTONES

As per USAID request, MERP prepared and received USAID approval for revised Table of Milestones for Work Plan Year 1.

REVISED TABLE OF MILESTONES - WORK PLAN YEAR 1

MX.X: - Completed; **MX.X** – under completion; **MX.X** – suspended as per USAID request

December 30, 2013	M1.1: Key Priority list of CE/EE legislation/ regulations established (based on the assessment results, MERP will define exact list of Laws to be developed or amended)
	M4.1: LEDS/REDS Work Plan drafted and accepted by Ministry of Economy (all further activities are subject to inclusion (or revision) in the LEDS/REDS WP with MinEconomy)
January 30, 2014	M2.1: Coordination strategy for cities selection developed
	M1.2: Advanced donor coordination established
	M3.4: G2G feasibility defined; all following activities will be subject to revision based on the assessment Per COR, February 6, <u>suspend this work until further notice</u> from USAID.
Mar 30, 2014	M2.2: Cities and IFIs engaged in cooperation
	M1.15: Basic training needs for the Commission determined (Based on the outcome of this the training curriculum will be developed)
April 30, 2014	M4.2: LEDS/REDS inter-agency GOU coordination established
	M1.17: Basic training needs for the MinRegion determined (Based on the outcome of this, the training curriculum will be developed)
	M2.12: Information Strategy and local Information Plans developed.
	M3.1: Selection of 5 NGOs conducted.
	M4.6: Build up working relations with comprehensive and overarching approach for LEDS legal development.
	M1.8: Priority list of legislation/regulations on improvement of social assistance agreed with the GOU.
May 30, 2014	M1.10: RIMS functionalities developed and agreed.
	M2.9: ESCO/EPC Legal basis improved
	M2.13: Focus groups conducted to define baseline knowledge on CE/EE in partner cities
June 30, 2014	M2.3: SEAP needs in Ukraine identified
	M3.2: OCA conducted. Training needs identified.
	M2.7: Bank Lviv is well informed about CE/EE projects and borrowers risks
	M2.10: PPP Legal basis improved
July 30, 2014	M1.5: Donor coordination on tariff regulation established. (MERP Work plan activities of Task 1.3 are coordinated and if needed adjusted) September 29, 2014: WB consultant still not in place; Commission Dissolved in August; no recipient of TA.

	M1.12: New regulatory accounting principles taught to utilities
	M1.13: Ten utilities trained to properly implement accounting rules. Training needs were identified. Training was delivered in the beginning of October 2014.
	M1.16: Capacity of regional offices improved. Workshop conducted on 6-18-14.
	M1.18: Capacity of MinRegion improved. Many working group meetings and draft methodologies, laws, etc., were provided in FY2014. Training for Central PIU of Minregion is scheduled for October 2014.
	M4.3: National Inventory System enhanced
	M4.8: Key design elements developed for data base
August 30, 2014	M3.5: Selection of GOU/local government organizations finalized. Per COR, February 6, suspend G2G work until further notice from USAID. (see M3.4, above)
	M1.6: Assets evaluation methodology developed as prerequisite for RAB. Waiting for feedback from Commission; need to meet with new Commission on this issue.
	M2.4: Energy audits conducted
	M4.7: Budgetary programs prepared to allocate emission taxes for support implementation of LEDS/REDS
September 30, 2014	M1.3: Key draft legislation/regulations developed
	M1.4: Energy Audit Standard and Energy Management Standard developed
	M1.7: RAB methodology developed for all sub-sectors. The status of the laws on amendment of the Law on Natural Monopoly is not clear. The provisions were drafted in the past, but apparently, the legislators are not making this legislation a priority. <u>The milestone should be shifted to Year Two.</u>
	M1.9: New approach for social protection of low-income consumers agreed with stakeholders
	M1.11: Tender specifications prepared for both software and hardware
	M1.14: New regulatory benchmarking system developed. The report on the results of clustering of utilities in water sector and the choice of the benchmarking methods developed. This activity is ongoing and evolving.
	M1.19: Commission integrated in international cooperation with NARUC/ERRA September 30, 2014 – not accomplished because Commission had not Chairman from March 2014 until dissolved August 2014. New Commission's position on this matter will have to be determined. <u>Recommend this be removed as a milestone.</u>
	M2.5: SEAPs developed in 6 cities. September 29, 2014: 3 have been developed, others in progress; second of three trainings held; est. completion/acceptance by December 30, 2014.
	M2.6: Energy Management procedures prepared
	M2.8: Banks have better understanding of CE/EE projects and benefits of DCA
	M2.11: PPP opportunities identified. Sublaws on PPP in communal sector drafted. Discussions on PPP with partner cities initiated. Delayed due to general instability.
	M3.3: Comprehensive training provided according to Capacity Building Plans

	M3.6: Capacity building plan developed
	M4.4: LEDS/REDS analytical tools applied by two GOU agencies. Delay to November 30, 2014 due to GOU instability.
	M4.5: Road Map developed and LCP Directive focal point appointed. September 30, 2014 - On hold due to inaction/disinterest of GOU (MinEnergy).

During the fourth Project Quarter, the following milestones were met:

M1.3: Key draft legislation/regulations developed

M1.4: Energy Audit Standard and Energy Management Standard developed

M1.9: New approach for social protection of low-income consumers agreed with stakeholders

M1.11: Tender specifications prepared for both software and hardware

M2.6: Energy Management procedures prepared

M2.8: Banks have better understanding of CE/EE projects and benefits of DCA

M3.3: Comprehensive training provided according to Capacity Building Plans

M3.6: Capacity building plan developed

ACTIVITY 1: IMPROVE CLEAN ENERGY REGULATORY AND LEGISLATIVE ENABLING ENVIRONMENT

TASK 1.1: DEVELOPING ENABLING LEGISLATIVE AND POLICY ENVIRONMENT

During the reporting period, MERP supported High Level GOU working groups and mid-level experts groups on development/improvement of specific bills (EE in Buildings, Metering, HOAs, ESCO/EPC, etc.).

MERP participated in two High Level GOU meetings related to legal framework for municipal energy efficiency, clean energy, and gas substitution by local alternative fuels. Vice-Prime Minister Groyzman chaired these meetings. Forty participants representing different GOU ministries and agencies, AUC, NGOs (i.e. representatives of platform “reanimation package of reforms”) attended the meetings and discussed a number of important draft laws and sub-laws related to administrative reform, National Action Plan on RE, investment programs in communal services infrastructure, and others. It was agreed to approve a plan of actions needed to comply with EU Directive 2009/28/EU on promotion of RE. It was recommended to review and amend the National Action Plan on RE to shift focus from photovoltaic, solar, and wind energy to biofuel and other natural gas substitution technologies. MERP was invited by the GOU to participate in the review process. MERP recommended speeding up approval of key EE legislation and norms such as Draft Law on EE in Buildings, package of ESCO Laws, and ISO 50001 standard on Energy Management.

Participants also discussed different options of GOU budget support to the population and utilities to mitigate risks of lack of natural gas during the coming winter period. It was agreed to allocate 50 million UAH to support commercial lending to the population in order to substitute natural gas boilers by boilers using local alternative fuels (compensation of 20-30% of loan principal), and to allocate 442 million UAH to utilities and investors to support medium size gas substitution projects.

Based on MERP legal and technical experts’ support, GOU approved two major policy documents: National Action Plan on Renewable Energy, and Standard on Energy Management as per ISO 50001. With MERP support, GOU finalized and submitted the new draft laws on HOAs to Verkhovna Rada: “On peculiarities of the right of ownership in multi-family residential buildings” (registration no. 4463a dated August 11) and “On housing and utility services” (registration no. 4563a dated August 29).

MERP participated in several MinRegion Working Group meetings chaired by Deputy Minister Belousov:

- On Communication issues: Representatives of IFC, GIZ, UNDP, EBRD, and MDI attended the meeting and discussed concept of training for journalists on EE/CE/LEDs, developed by MERP for its partner cities. GIZ and IFC expressed their interest in sponsoring such trainings in some MERP partner cities where these organizations have a presence. In order to better understand roles and contributions of all interested stakeholders, it was agreed that the MERP team in cooperation with MinRegion would collect information from all interested parties, will summarize it and notify all stakeholders about their possible roles and/or inputs.
- On HOA issues: The meeting was attended by members of the National HOAs Council: Tetiana Boiko from OPORA, Katerina Chizhyk from the Association of HOAs of Dnipropetrovsk, Ludmila Shantz from the Association of HOAs of Zaporizhzhia, and Valeriy Shtefanets from the Association of HOAs of Odessa. The purpose of the meeting was to discuss problems of Ukrainian HOAs related to implementation of energy efficiency projects in residential buildings and possible GOU support to these projects. The National HOAs Assembly identified items of possible GOU support for energy efficiency improvements in residential buildings and submitted a request letter to the Prime Minister's office.
- On ESCO legislation and draft law on Energy Efficiency in Buildings: MERP discussed with MinRegion progress of legal and regulatory changes on municipal energy efficiency. Mr Kushnir confirmed MinRegion is highly interested in MERP assistance and will continue reform of the communal services sector. Specifically, he informed that a package of ESCO legislation and the Draft Law on Energy Efficiency of Buildings would be approved by the Cabinet of Ministers and submitted to the Rada with the intension of getting First Reading approval in September 2014.
- On Metering issues: MERP conducted review and analysis of the Draft Law on Metering in the fields of heat supply, centralized water supply and sanitation, provision of communal services. MERP legal experts recommended substantial changes to the Draft Law and submitted them to MinRegion and to the public platform "Reanimation Package of Reforms".
- On amendment of Law 1198: The provisions of this Law violate the basic constitutional right of housing owners – making a decision on common property – engineering systems in a building. MERP participated in a Working Group meeting of the Rada Committee on Construction, Housing and Communal Services chaired by the Deputy Head of the Committee Mr Andrievsky. Participants discussed problematic enforcement of the Law of Ukraine #1198 "On Making Changes to Certain Laws of Ukraine Regarding Improvement of Settlements for Energy Carriers" approved in April 2014. Specifically, MERP provided recommendations to harmonize articles of the Law with other laws of Ukraine governing the communal services sector. Parties agreed to conduct expert working meetings in MinRegion to prepare text of the draft Law "On Introducing Changes to Some Legislative Acts Governing Provision of Utility Services" and submit it to the Rada.

MERP legal and technical experts assisted Minregion in preparing sublaws related to municipal energy reform. MERP experts participated the Scientific and Technical Council of MinRegion. The participants discussed methodology of commercial metering of heat energy and water in the area of utility services. MinRegion reported the status of implementation of the National Program of Housing and Utility Services Reform and Development for 2009-2014. The experts recommended changes to the Program and extending it until 2020. MERP experts participated in the expert working group of MinRegion to discuss pertinent articles of the Draft COM Decree "On Introduction of Certain Social Norms in the Area of Housing and Utility Services Provision". Project experts prepared draft standard contracts for provision of utility services to homeowners associations (OSBB) as to collective consumers.

During the reporting period, MERP significantly improved cooperation with SAEE and its new chairman Sergei Savchuk. MERP discussed with SAEE chairman areas of cooperation such as development of energy efficiency and renewable energy standards, assistance on National Action Planning on Energy Efficiency and Renewable Energy (i.e. preparation of National Communication), capacity building and public information campaign on energy efficiency. Mr Savchuk expressed his appreciation of MERP assistance and recommended intensifying cooperation with SAEE.

MERP participated in review and update of the National Action Plan on Renewable Energy. The meeting was chaired by Mr Grygorovskiy and was attended by 10 industry specialists including the Head of Ukrainian Association of Biomass. Participants discussed and reviewed targets of the Action Plan to increase the use of

local biofuels as a substitute for imported Russian natural gas. The updated version of the National Action Plan on Renewable Energy will be presented to the Cabinet of Ministries in the near future.

MERP participated in development of GOU financial mechanisms to support gas substitution. The 12 participants represented commercial banks, industry experts and associations, and donors' projects. Participants discussed possible options of government support (500 million UAH – EU budget support funds to energy efficiency) to energy savings and substitution of imported natural gas by local alternative fuels. It was agreed to target both the public and utilities (both municipal and private). Government support could be delivered through compensation of high interest rates on loans and compensation of part of the investment in energy savings or gas substitution projects.

TASK 1.2: SUPPORTING ENERGY EFFICIENCY STANDARDS

During the reporting period, MERP provided assistance to MinRegion and SAEF in the development of energy standards based on international requirements and EU Energy Norms.

On September 16, the Ministry of Economy issued Resolution #1111, which approves Ukrainian standard on Energy Management – DSTU ISO 50001 "Energy Management Systems: Requirements with Guidance on Use". The standard is an equivalent translation of international standard ISO 50001. It was developed by SAEF with assistance of MERP by providing comparative analysis, discussions and improvements during Q2 and Q3. At the same time, MERP is working on establishment of energy management systems in all partner cities based on ISO 50001. Based on this standard, MERP experts prepared a Manual for the municipal authorities on key issues and requirements of developing energy management structures at the cities. In addition to this, an educational course with presentations was developed. It is planned that during the next quarter MERP experts will provide trainings for municipalities on establishing municipal energy management at the cities.

During the reporting period, MERP worked on development of the National Ukrainian standard on Energy Auditing of Buildings. MERP subcontractors SRIBC and ENSI prepared Draft DSTU B V.2.2-XXX:201X "Methods for Energy Audits of Buildings". The developed document reflects the main stipulations of the European standard EN 16247-2 "Energy Audit of Buildings" considering the recent development of Ukrainian National Methodology of Energy Use in Buildings, and documentation of energy performance and energy ratings. It is expected, that during the next quarter SRIBC will receive feedback and recommendations from the key national counterparts, such as MinRegion, SAEF, and professional associations and will prepare public discussion in order to finalize the standard and have it approved.

TASK 1.3: IMPROVING TARIFF SETTING

During the reporting period, MERP provided assistance to NCCSMR in implementing a GOU decision for tariff increase on heat and water/waste water services up to cost-recovery levels. Project experts provided ad-hoc assistance to the staff of the Regulator and utilities on calculation and implementation of this increase.

MERP experts assisted the NCCSMR with the development of quality assurance mechanisms for the new tariff model. MERP met with Commissioner Kalchenko and Designated Chairman Dunaylo to present a Draft "Concept on Quality of Communal Services". The document introduces a legal basis for expanding regulatory functions of the Commission on regular monitoring and control of quality of communal services of its licensees. It also establishes key technical parameters for monitoring and reporting on quality of services. The Commission expressed general agreement with the proposed Draft Concept. Expert discussion will be organized and the finalized draft document will be submitted to the Cabinet of Ministers for approval.

NCCSMR received assistance regarding development of the service quality monitoring system. Proposals and methodological approaches to service quality monitoring at the local level, and relevant methodological materials for the National Commission regarding the use of the data from various sources at the level of certain utility companies and communities, were prepared. Recommendations on organization of the multilevel system of monitoring and evaluation of utility services quality were prepared.

MERP assisted NCCSMR in reviewing its investment methodology in tariffs for licensed utilities. Project experts from JurEnergopro prepared methodological recommendations on determination of threshold of investment component in the tariff for centralized water supply and sanitation. MERP DCOP met with Yadviga Semikolenova, WB Senior Program Manager, Denis Gaiovy, Principal Banker of EBRD, and Commission representatives Dmitriy Arlachov, Head of Strategy Department, and Alexey Korchmit, Deputy Head of Strategy Department. EBRD and WB requested review of the current investment component

methodology in the tariffs, which they feel contradicts international procurement processes. MERP agreed to work with the IFIs and the Commission to review/update this methodology. Project experts from JurEnergopro prepared the amendments to the investment methodology and submitted them to the Commission for review.

MERP continued assistance to NCCSMR on introduction of incentive regulation (RAB). As a first step, Project experts developed a new approach for evaluation of assets of communal services utilities. The Report on assets evaluation methodology “Step 1: Classification of asset groups” was developed and submitted to the Regulator.

On August 27, the President of Ukraine dissolved the National Communal Services Regulatory Commission and the National Energy Regulatory Commission through issuance of decree 692 and 693. Simultaneously, he issued decrees 694 and 695 thereby establishing new National Energy and Communal Services Regulatory Commission and appointing new commissioners to the new Regulatory Commission. Legal analysis of MERP demonstrated that liquidation of the two regulators was made with serious violation of Ukrainian legislation and contradiction with international best practices and EU Energy Community requirements on independence of the regulatory bodies.

MERP participated in a donor coordination meeting initiated by the WB to discuss the recent liquidation of NCCSMR and NERC and establishment of a new Regulator. The meeting was attended by representatives of WB, EBRD, EU Delegation, SIDA, IFC, Swiss Coordination Agency, US Embassy and USAID. WB reported a recent meeting with the new Regulator and the need for coordinated assistance to this new Regulatory Agency. According to discussion, most donors and IFIs plan to provide support to the Regulator on implementation of a new electricity market model. Only USAID MERP has active assistance on communal services regulation, but WB/SIDA are planning to allocate a consultant in the DH sector. Donors and IFIs agreed that liquidation of the Regulatory Commissions was a violation of local and international legislation and that independence of the new regulatory Commission needs to be significantly improved. It was agreed to support development and approval of the law on the new Regulator. MERP and EU Delegation were tasked to translate and analyze two recent draft laws and share these analyses with all donors and IFIs.

It is important that USAID supports continuity of Tariff and Regulatory Reforms and initiates the meeting with the new Regulatory Commission.

TASK 1.4: IMPROVING SOCIAL SAFETY NET POLICIES

During the reporting period, MERP continued assistance to the GOU on improvement of system of social subsidies to low-income consumers and gradual change of system of privileges.

MERP coordinated its social assistance with WB experts. Project experts conducted a number of coordination meetings with WB Senior Specialist Katerina Petryna to discuss the status of introduction of the ‘energy assistance for economically distressed households’ reimbursement procedure, proposals on improving the reimbursement mechanism, cooperation with the Ministry of Social Policy, and preparation of reimbursement workshops for the staff of local social assistance departments.

MERP social assistance experts participated in the High Level Working Group meetings chaired by First Vice-Prime Minister Groyzman to explain and clarify draft GOU decree “On Introduction of Certain Social Norms in the Area of Housing and Utility Services Provision (social housing norm and social norms for consumption of housing and utility services for which the government grants privileges and subsidies)”. This included justification of calculations and proposed mechanisms, assessment of the social impact of the introduction of social norms, and reform of the program of housing subsidies. Other participants included First Deputy Minister of Social Policy Mushchynin, Deputy Minister of Finance Matviychuk, Deputy Minister of Energy and Coal Industry Ulida, Chairman of the National Communal Services Regulatory Commission Dunaylo, Chairman of NERC Titenko, Advisors to the Vice Prime Minister of Ukraine Koshelyuk and Kharchenko, and Director of Department of the Ministry of Social Policy Muzychenko.

Based on MERP recommendations and analytical documents, in August, the GOU approved the Decree "On Certain Social Norms in the Area of Housing and Utility Services". This Decree is the result of joint efforts of the MHR Project, World Bank, and MERP during the past 4-5 years regarding housing subsidies reform. MERP has and will continue to provide TA and capacity building relative to full implementation of this

Decree, such as public and GOU information dissemination, training, and methodological work. The Decree comes into effect on October 1, 2014. Expectation is that up to two million households will apply for a subsidy through the heating season (current typical workload of the Ministry for related work is about 1.2 million households). GOU Decree #409 introduces the following changes:

- social housing norms that will be used for payment for housing maintenance, district and individual heating (heat supply);
- social norms on consumption of housing and communal services for which the government grants privileges and subsidies;
- corrective coefficients will be used to calculate consumption of electric energy, natural gas and other fuels for heating purposes, depending on the region, separately for individual houses and multi-family residential buildings;
- a new mechanism according to which subsidies are calculated depending on a household's income per person;
- subsidies shall no longer be re-calculated based on actual consumption of services. Subsidies are awarded based on a social norm and for a fixed period;
- targeting accuracy of the housing subsidies program is improved, and procedures governing provision and administration of the housing subsidies program simplified.

During August - September, MERP, in partnership with the Ministry of Social Policy, conducted a series of 8 regional training seminars on enforcement of new social subsidies “tariff increase” reimbursement mechanism, GOU Resolution #83, and new social norms, GOU Resolution #409, to local staff of social assistance authorities from all oblasts of Ukraine. MERP experts provided guidelines and recommendations on enforcement of new social subsidies mechanisms. The seminars focused on: 1) main provisions and specific issues regarding reimbursement of additional expenses relative to payment of utility bills under increased prices and tariffs for services; 2) social housing norms and social norms of consumption of housing and communal services; 3) changes in the procedure governing subsidies granted for payment of housing and communal services; and 4) related software. In total more than 600 state officials participated in these training events and received guidelines on implementation and enforcement of new social protection procedures.

TASK 1.5: REGULATORY INFORMATION SYSTEM DEVELOPMENT

During the reporting period, MERP continued assistance to the NCCSMR on preparation of technical specifications for a Regulatory Information Management System. Project experts finalized TOR for Regulatory Information Management System (RIMS) The TOR for RIMS establishes common functional and other requirements for complex software and hardware, which would be used by the NCCSMR, its regional offices and licensed communal services utilities. In addition, MERP experts prepared technical specifications for both software and hardware based on technical analysis of the current IT system of the NCCSMR and future needs to accommodate functionality of RIMS and functionality of the NCCSMR Head Quarter and its nine regional offices.

Due to Presidential Decrees on liquidation of the NCCSMR and establishment of the new Regulatory Commission, MERP postponed its activities on RIMS until further notice from USAID.

TASK 1.6: DEVELOPING UTILITY BENCHMARKING

During the reporting period, MERP continued assistance to the NCCSMR on preparation and introduction of a utility benchmarking system. The key pre-condition to the introduction of benchmarking is a unified functional regulatory accounting and reporting system. The Project provided assistance and capacity building support to the Commission to improve methodological recommendations on accounting and reporting by the licensees.

Project experts conducted analysis of National Commission Decree #356 on incentive regulation in the water and wastewater sector to review and improve benchmarking requirements the Commission intends to impose on the regulated companies. As a result of the analysis, a “Progress report on assistance and capacity building support to the Commission to develop standardized accounting and reporting procedures and forms and facilitate their use by utilities” was prepared.

MERP prepared a number of analytical documents on introduction of benchmarking in the water sector:

- Approaches for conducting benchmarking of water and wastewater companies;
- Working paper “Recommendations on the choice of methods (combination of methods) and parameters to be used for conducting benchmarking”.
- Two models for comparative assessment of licensees were prepared based on Data Envelopment Analysis and on the method of sample statistics estimates.

MERP finalized development of a new Clustering Model and Description of the Model Algorithm needed for the utility benchmarking system of the Commission. The document was submitted to Ms Burenko, Deputy Head of Department, for review and comments. The Commission accepted the report and requested the start of testing how the benchmarking indicators can be applied to the utilities in the proposed clusters (grouping by size, number of customers, geographical location, etc.) of heating and water utilities. Parties agreed that MERP will test the new clustering approach for benchmarking system and will report the results to the Commission. Benchmarks in the water sector within the clusters were calculated and submitted to the Commission with the methodology description and efficiency calculator.

Due to Presidential Decrees on liquidation of the NCCSMR and establishment of the new Regulatory Commission, MERP postponed its activities on benchmarking until further notice from USAID.

TASK 1.7: CAPACITY BUILDING

During the reporting period, MERP continued assistance to both MinRegion and NCCSMR on capacity building. Based on the Training Needs Assessment of MinRegion, MERP experts from JurEnergo developed a Capacity Building Plan and discussed its implementation with different departments of MinRegion. The priority areas of assistance were identified. Training of MinRegion’s employees from Central PIU on international procurement was prepared. Due to changes in MinRegion organizational structure and appointment of new heads of departments, the training event was postponed until the next quarter.

Based on the Capacity Building Plan for NCCSMR, Project experts from MDI prepared the workshop “Discussion of unified methodological approaches to accounting by licensed and unlicensed type of activity, with consideration of sector-specific features of licensees in the heating sector”. The workshop was scheduled for the beginning of October 2014 for 10 utilities. The staff of the licensed utilities will receive knowledge on new approaches for regulatory accounting and reporting.

Due to the Presidential Decrees on liquidation of the NCCSMR and establishment of the new Regulatory Commission, MERP will review and update the Capacity Building Plan to accommodate training needs of the new Regulatory Commission.

ACTIVITY 2: PROMOTE INVESTMENT IN CLEAN ENERGY TECHNOLOGIES AND APPLICATIONS

TASK 2.1: DEVELOPING COOPERATION STRATEGIES

Advanced donor coordination is a key crosscutting factor for all MERP activities. MERP provides support in organization of regular donor coordination meetings serving as secretariat and providing our analyses for donors, IFIs, other projects and GOU entities active in technical assistance and investments in Municipal EE (i.e. DSM), CE, and LEDS-REDS.

MERP participated in a Donor coordination meeting on energy efficiency in the housing sector, hosted by EBRD. The meeting was attended by representatives of USAID, UNDP, European Commission, IFC, World Bank, and other donors. The discussion focused on issues related to the status of legislation related to Draft Law on ESCO, Draft Law on Energy Efficiency in Buildings, and GOU resolution on new subsidies to low-income consumers to compensate for tariff increases. Participants agreed to unite efforts of many donors involved in the public outreach efforts on energy efficiency. IFC will initiate coordination meetings with all international projects and donors involved in the information campaign on energy efficiency, during which all parties will have a chance to share information and elaborate joint tactical and strategic directions for effective information campaign activities. During the meeting, MERP IT team presented an e-based Advanced Donor Coordination Platform and provided training on how to use the application as a tool to extend and expand communication possibilities for donor community members.

MERP participated in a number of bilateral coordination meetings with donors and IFIs, including:

- MERP discussed with NEFCO the attraction of investments for energy efficiency and clean energy projects in partner cities. Julia Shevchuk, Lead Manager of NEFCO in Ukraine, presented the bank's portfolio of current and future projects related to energy efficiency and clean energy. MERP informed about progress of assistance to the partner cities on energy audits, SEAPs, and investment programs. It was agreed to cooperate in a number of cities such as Kyiv, Chernihiv, Pavlohrad, Vinnytsia, Lutsk, Ivano-Frankivsk, and Kherson. MERP will prepare investment grade energy audits and business plans, primarily for end-use energy efficiency and gas substitution projects.
- MERP participated in a UNDP Round Table dedicated to preparation of the new UNDP/GEF Project, "Removing Barriers to Increase Investment in Energy Efficiency in Public Buildings". This 5-year project with total budget of 5 million USD will start in the middle of 2015 and will focus on energy efficiency measures in public buildings. The 40 participants represented MinRegion, donor projects, local experts and NGOs. They discussed barriers and opportunities for energy efficiency measures in schools, hospitals and kindergartens that could be addressed by new project activities.
- MERP discussed with IFC energy efficiency assistance in the cities. IFC informed about their support to financial mechanisms, i.e. commercial lending for residential buildings. MERP informed about assistance to HOAs and capacity building on applications for commercial lending.

To support advanced donor coordination activities MERP conducted an analysis of different available options and prepared recommendations on establishment of an E-based platform for coordination with activities implemented by other donors, IFIs, and GOU entities. The E-based platform has a number of important functionalities that improve donor coordination and cooperation:

•	Located in a cloud and accessible from everywhere, using any web browser and language.
•	Integration with MS Outlook, functioning on mobile devices with instant notifications and SMS
•	Scalable for any number of members, ability to extend functionality linking new Google services and third party plugins
•	Coordinating outreach activities on municipal energy reform and LED-RE-EE activities
•	Facilitating and coordinating schedules, agendas of different member groups
•	Exchanging messages, news and file resources
•	Posting boards and discussion topics, exchanging of experts' opinions and reports, conducting of text/audio/video chats
•	Keeping document database, contacts address book with member profiles

MERP experts conducted research and development analytics to define the appropriate solution for e-based donor coordination. The recommended solution was formulated as E-based Donor ECoordination Information System based on Google Apps for Business. The proposed system supports all needed functions of advanced donor coordination with reasonable costs.

Based on this decision, next steps were completed:

- Obtain USAID approval of the proposed technical solution for E-based donor coordination platform;
- Discuss and agree the proposed E-based platform with donors, IFIs, and GOU entities;
- Prepare technical specification for consultant for preparation, installation, and customer training on E-based platform;
- Proceed with development, user trainings and implementation of E-based platform among donors, their projects and IFIs.

During the September 19, 2014 donor meeting, USAID MERP presented the E-based Donor ECoordination Information System (E-Coordination System), published on Internet under the domain name ECoordination.org.

The E-Coordination System has a user interface that groups the most popular services and aggregates useful information presented in four information windows. Functional groups (members) of the E-Coordination System are divided into user groups according to their donor and projects activities:

- LED - Green low Emission/Carbon.
- EE - Energy Efficiency.
- RE – Renewable Energy.
- Donors.

The System was approved and implemented as a powerful application that extends the coordination possibilities for donors, IFIs and their projects. In order to start using the System effectively, MERP conducted two training seminars for donors and their projects. Three more seminars will be conducted in October – November 2014. All System users (donors and their projects) are equipped with a users' instruction and detailed user guide.

The system has wide communication capabilities and provides an easy way to:

- view, share, analyze and publish documents;
- provide exchanging of news and quick updates on modified republished resources;
- selectively communicate with a member of ECoordination group, whole group or organization members;
- arrange meetings and conferences with notifications and reminders;
- open a thematic topic in a forum or a document discussion;
- share and systematize contact information (member profiles) and useful partner links;
- search documents and information with filtering by time and category;
- conduct collective text, audio or video chat;
- synchronize easily with MS Outlook Calendar or mobile device, setup reminders, notifications and SMS.

Starting in the next quarter, MERP will place a number of project related documents (such as draft laws/sublaws and their translations; analytical documents and assessment reports; description of project activities and concepts of investment projects; others) in the E-Coordination System. It is expected that donors and their projects will use the System to facilitate exchanges and advance coordination.

TASK 2.2: ASSISTING MUNICIPALITIES WITH PLANNING, PREPARING AND FINANCING OF CLEAN ENERGY PROJECTS

During the reporting period, MERP made good progress on development and improvement of SEAPs for the first group of partner cities.

Capacity building and development of SEAPs

In July, MERP organized the first training seminar on Sustainable Energy Action Plans (SEAP) for the First Group of partner cities: Dnipropetrovsk, Ivano-Frankivsk, Vinnytsia, Chernihiv, Kramatorsk, and Kherson. In addition, Zaporizhzhia and Kyiv participated in the training event. MERP experts from EnEffect presented the multi-step SEAP methodology based on requirements of the EU Covenant of Mayors. MERP informed participants about national-level planning (using TIMES-Ukraine and other macro-level programming tools) and macro-economic assumptions to be used at the national and local levels. This will ensure correlation between national and sub-national Low Emissions Development Strategy (LEDS) and SEAP planning. MERP Regional Training Centers (RTCs) and energy auditors briefed participants on the data collection process for the partner cities. Each city established a SEAP Coordination Unit and started data collection on CO₂ emissions and energy consumption by communal services sectors. MERP presented the approach for establishment of a Municipal Energy System in each city based on ISO 50001 requirements. All cities received homework to prepare CO₂ emission mitigation projects to discuss at the next training seminar in September.

During July and August, partner cities collected baseline data with assistance of project experts. Project experts from ARNIKA and OptimEnergo provided to the Advisory Committees and Regional Training Centers Energy Audit Reports covering four municipal sectors: buildings, district heating, street lighting, and transport. In some cities, project experts collected data on the water and wastewater sector. The Energy Audit

Reports also proposed GHG emission reduction measures for each of the above mentioned municipal sectors.

During the second SEAP training seminar for the first group of partner cities, MERP experts from EnEffect presented the final steps of SEAP methodology based on recommendations of EU Covenant of Mayors. Each of the partner cities reported on their baseline data on CO₂ emissions and energy consumption by communal services sectors. Participants discussed SEAP targets and emission mitigation projects/measures. MERP experts presented the Draft Manual on Energy Management for establishment of Municipal Energy Systems in partner cities based on ISO 50001 requirements.

Two partner cities, Vinnytsia and Ivano-Frankivsk, finalized their SEAPs and received approval of the city councils. The SEAPs were submitted to the EU Commission and received a number of comments and recommendations. Project experts provided assistance to these cities to address the recommendations and improve the SEAPs. The city of Chernihiv also drafted its SEAP and discussed it with city authorities. Project experts provided substantial comments and improvements of the draft SEAP that will be taken into account by the city before submission of the document to the EU Commission. Other partner cities will prepare draft SEAPs with investment programs, which will be discussed during the next training seminar scheduled for October 2014.

Assistance to the City Advisory Committees and PIUs for WB DH Energy Efficiency Project

MERP assisted partner cities' Advisory Committees to prepare political decision on SEAPs. MERP DCOP visited several partner cities (Vinnytsia, Kherson, Ivano-Frankivsk, others) to discuss establishment of municipal energy management systems, support the City Advisory Groups on SEAP development, and monitor progress on data collection of energy consumption and CO₂ emission in the city. The city authorities indicated it was a high priority to support energy efficiency in the cities in order to meet the recently announced GOU requirement of 30% gas savings during the coming heating season. MERP also met with management of the DH utilities that participate in the WB energy efficiency DH loan facility. Management of the DH Companies discussed the establishment of local PIUs and expressed the need for capacity building assistance for the PIUs on preparation of technical specifications, and assistance in organizing tendering processes per WB procurement requirements.

The PIUs assistance was discussed during the meeting between MERP, Ms Yadviga Semikolenova, WB Senior Program Manager, and her colleagues, and MinRegion, represented by Mr. Sergei Terletskiy, Head of PIU Unit. Discussion focused on areas of cooperation and MERP assistance in preparation and implementation of WB District Heating Energy Efficiency loans to heating utilities. MERP provided a briefing on progress of project activities in its partner cities related to development of SEAPs and establishing energy management systems. This included results of recent discussions with local PIUs in the cities of Ivano-Frankivsk, Vinnytsia, and Chernihiv to identify their needs in training and technical consultations. Participants also discussed preparation of targeted information campaigns in partner cities to support coming investments (MERP has already developed a Concept of Information Campaign in the cities, i.e. training of journalists).

Based on these discussions, MERP experts developed the Report with Guidelines on Establishment and Operation of Local PIUs. This document was distributed to all partner cities that participate in the WB DH Energy Efficiency Projects.

Assistance to HOAs and Resource Centers

MERP continued its support to HOAs in the partner cities. Project experts visited partner cities, e.g., Kherson, to meet with local HOA Advisory Center and local HOA Associations. Project experts met with the local public organization "Center for Development of OSBB "Plich-o-plich" that unifies about 50 local HOAs. The meeting was attended by the head of the Housing and Communal Services Department of Kherson Oblast State Administration and representatives of NGO "Council of Entrepreneurs of Kherson". The participants supported expanding HOA Advisory Centers into Clean Energy Advisory Centers and emphasized the need to raise awareness of the general public and heads of HOAs on energy efficiency, clean energy and alternative sources of energy. The "Council of Entrepreneurs of Kherson" expressed interest in cooperation with Kherson Center for Development of HOAs to establish a Revolving Fund that would support energy efficiency improvements in residential buildings.

MERP conducted a field trip to Lutsk to assist HOA Advisory Resource Centers as they expand to CE Resource Centers. Ms Sabatyuk, Chairman of "Luchany" Association of OSBBs, and Petro Lavrynyuk, head

of the NGO “Volyn Institute for Support and Development of Public Initiatives”, supported the idea of expanding HOA Advisory Centers into Clean Energy Advisory Centers. They agreed to prepare a concept for such expansion and to start its implementation.

Based on these discussions, MERP developed a Concept on Assistance for HOAs Resource Centers and their expansion to CE Resource Centers.

Dissemination and cooperation with AUC

MERP was instrumental in disseminating SEAP and Municipal Energy Management activities to all cities of Ukraine with support of AUC. DCOP of MERP met with Myroslav Pitsyk, AUC Executive Director and Vice-President, to discuss mutual approaches to informing and assisting cities to better cope with and manage the GOU ordered 30% reduction in gas consumption for all cities. On request of AUC, MERP developed a very compact Concept/Guideline for biofuel investment projects in the cities with aims to substitute local alternative fuels for imported natural gas. The Concept was discussed with other USAID projects (i.e. LAESM and P3DP), Association of Biofuels, and private sector participants (such as TAS). AUC and MERP organized a Round Table discussion on this topic in August 2014 to support investments in gas substitution projects.

MERP DCOP participated in the AUC Annual Mayors’ Forum to present SEAP and the energy management process to the mayors. Olexander Mazurchak chaired the energy efficiency section of the Forum, which was attended by about 100 participants representing different cities and towns of Ukraine. The participants discussed urgent measures at the local level on how to substitute local fuels for imported Russian gas, as well as investment programs for energy savings. MERP presented its experience in cities and investment proposals for municipal energy efficiency and clean energy projects.

Initiation of investment projects

MERP initiated a number of energy efficiency investment projects in partner cities. MERP met with Mr Bo Nyhus, Senior Investment Manager of NEFCO, and Mr Sergei Fashevskiy, Principal Specialist of Norsk Energy, on cooperation in Ivano-Frankivsk. MERP provided information about SEAP preparation and energy efficiency potential in public buildings of Ivano-Frankivsk. NEFCO provided a briefing of a new investment project for up to 15 public building of Ivano-Frankivsk to complement recent EBRD investments in supply side efficiency. NEFCO requested MERP to assist the city with preparation of energy audits and a pre-feasibility study needed for leveraging NEFCO loan of one-million EUR and E5P investment grant of 0.3 million EUR to Ivano-Frankivsk. Participants agreed on the areas of cooperation and timeline of assistance to the city.

To start investment project preparation, MERP conducted a site-visit to Ivano-Frankivsk to discuss SEAP development with city administration and select public buildings for energy audits and NEFCO loan investments. MERP met First Deputy Mayor, Ruslan Gayda, head of economic and investment department, Bogdan Bilik, city energy manager, Ivan Dmitruchenko, and PIU Head, Olena Ivaniv. Participants discussed priority projects of Ivano-Frankivsk on energy efficiency in public buildings, district heating and transport sectors. MERP experts visited 11 public buildings (schools and kindergartens) to evaluate their energy saving potential for NEFCO loan. It was agreed that the city will send an official letter confirming selection of 10 priority public buildings for MERP energy audits and future NEFCO energy efficiency loan.

New assistance to the city of Kyiv

Based on USAID request to start assistance of Kyiv city, MERP met with the Deputy Mayor of Kyiv, Petro Panteleyev, to discuss implementation of MOU with specific focus on organization of public information campaign on energy efficiency. The meeting included USAID representatives Andrew Popelka and COR Andriy Nesterenko, as well as KyivEnergo and DTEK Communication teams. Kyiv desires to launch an information campaign on energy efficiency at the beginning of October in close cooperation with MERP and DTEK. MERP provided the meeting participants with information materials for outreach activities in Kyiv.

At a follow-on meeting, the MERP PR Manager again met with Deputy Mayor of Kyiv, Petro Panteleyev, and his communication representative as well as a representative of KyivEnergo to discuss an action plan for outreach activities in accordance with the recently signed MOU. It was agreed to co-brand all available information materials developed by MERP, for distribution by Kyiv. Kyiv City Administration took the responsibility to distribute MERP “10-tip” brochure and poster related to energy efficiency in apartment buildings, among all residential buildings in Kyiv. It was also agreed that Kyiv will place MERP TV PSAs on

several national TV channels. As for KyivEnergo, the team will use all USAID MERP materials on their web site and will promote EE through its customer service departments.

TASK 2.3: INTRODUCTION OF ENERGY MANAGEMENT SYSTEMS

During the reporting period, MERP continued assistance to the partner cities on introduction of Municipal Energy Management Systems. MERP sub-contractors ARNIKA and OptimEnergo developed curriculum on municipal energy management. The introductory training seminar on Municipal Energy Management was conducted in the city of Kamyanets-Podilskiy to the energy managers from first group of partner cities. The Project experts presented the basic approach for establishment of a Municipal Energy Management System in municipalities and discussed functions of municipal energy managers. Specifically, project experts presented the Deming–Cycle that includes four key pillars of energy management: monitoring, analysis, decision-making, and action.

Second training seminar on Municipal Energy Management was organized in Lviv in September 2014. The Project experts presented the Draft Manual on Energy Management for establishment of Municipal Energy Systems in partner cities based on ISO 50001 requirements. It is expected that during the next project quarter, Project experts will visit each city of the first group to provide individual training on Energy Management standard ISO50001 and will assist the cities in organization of Municipal Energy Systems.

TASK 2.4: DEVELOPMENT CREDIT AUTHORITY LOAN GUARANTEE

During the reporting period, MERP continued assistance to Bank Lviv to support utilization of Energy Efficiency DCA. Project experts provided capacity building seminars to the Bank Lviv staff on energy efficiency projects. For example, in the beginning of September, MERP experts from MDI held a workshop “Legal and Financial Aspects of Operations of HOAs” for Bank Lviv. The workshop was attended by 20 participants from regional offices of Bank Lviv.

In addition, MERP experts promoted Bank Lviv loan products for HOAs to stimulate demand. Project experts participated in Lviv Energy Efficiency Day and presented best practices of energy efficiency measures in HOA buildings. They informed interested participants about loans from Bank Lviv (under the DCA program) to condominiums to implement energy efficiency improvements in residential buildings.

Project experts organized regular meetings with Bank Lviv to monitor DCA utilization. As of today, Bank Lviv has issued six loans for energy efficiency under DCA for the total amount of Euro 700 000 and UAH 4 680 000.

In order to support new DCA in energy efficiency area, MERP prepared and submitted to USAID an Assessment Report on willingness of local banks to use the Development Credit Authority (DCA) Loan Guarantee. The report provides information and analysis of ten different commercial banks, i.e. their performance and financial stability. Three commercial banks expressed strong interest for Energy Efficiency DCA: Bank Pivdennyi, Meta Bank, and Bank Concord. The Report contributes to USAID efforts in establishing new DCA recipients for energy efficiency in Ukraine.

TASK 2.5: SUPPORT MECHANISMS THAT MOBILIZE PRIVATE SECTOR INVESTMENTS

During the reporting period, MERP continued support for development of legal and regulatory basis for private sector investments. This work included assistance on Draft ESCO legislation, improvement of general PPP Law, and sublaws related to Law on Specifics of Lease and Concession.

MERP legal experts participated in a Working Group meeting with EBRD experts and the legal department of the Cabinet of Ministers regarding ESCO draft legislation. The participants discussed comments of GOU institutions (Ministry of Justice, Ministry of Finance, Ministry of Economy, and Anti-Monopoly Committee) that are delaying approval of ESCO legislation. It was agreed that experts will assist MinRegion (leader for development of ESCO legislation) in addressing questions from the ministries, mentioned above.

MERP DCOP participated in a round table discussion on amendments to PPP Law organized jointly by AmCham and P3DP. About 40 participants representing law firms, private sector participants, IFIs and donor projects attended the round table. The participants discussed amending articles of the Law in order to ensure its application and use in different economic sectors. Parties agreed that the specific legislation (i.e., Law on Specifics of Lease and Concession in Communal Sector) would succeed the general Law on PPP and

have application in the communal sector. Based on legal analysis of MERP, the Law on Specifics of Lease and Concession in Communal Sector is a good basis for attraction of private investors in the sector.

In the partner cities, MERP initiated discussion on Energy Efficiency PPPs in communal sector. MERP cooperated with LAESM and Vinnytsia oblast administration to organize a Round Table on biofuel investment opportunities in Ukrainian cities. The event was attended by USAID COR Andriy Nesterenko, OEG representative Maria Garastovskaya, 19 cities, Rada representatives, AUC, MinRegion, State Agency of Energy Efficiency, NEFCO, and industry associations. Mr Dombrovskiy, Head of Rada faction “On Energy Independence of Ukraine”, informed participants about recent legal changes allowing use of local alternative fuels and renewable energy to replace imported Russian gas. Project experts discussed legal, financial, and technical aspects of biofuel investment opportunities. NEFCO and MDI presented financial instruments (commercial lending and PPPs) for clean energy projects. Based on this information and assistance of MERP, partner cities will be able to prepare investment proposals for natural gas substitution projects.

In order to promote commercial lending to energy efficiency, MERP DCOP and USAID COR Andriy Nesterenko met with Volodymyr Litvin, Deputy Chairman of Oshchadbank, to discuss possible cooperation to support energy efficiency commercial lending. Mr Litvin informed about bank interest in starting a new lending program for energy efficiency (EE) for consumers, HOAs, and utilities. MERP presented project activities and products such as energy audits and investment catalogs that could be used by Oshchadbank to develop energy saving investment projects. Participants discussed the possible scope of additional assistance needed for the bank’s EE initiative. It was agreed that Oshchadbank would express its interest of cooperation to USAID in the near future.

TASK 2.6: PREPARATION OF SUSTAINABLE ENERGY PUBLIC AWARENESS PLAN AND DEVELOPMENT OF RELATED MATERIALS

At the national level, MERP established close coordination with the GOU and international donors on PR activities:

- MERP established regular coordination with communications representatives of CabMin. MERP conducted a number of meetings with CabMin communication group represented by Oleksandr Kharchenko, Advisor to Vice Prime Minister Groysman, and Larisa Shustenko, Head of Communications Department of Cabinet of Ministers. MERP had a series of meetings with Yvetta Delikatnaya, “Expert in business and public communications”, and Yelena Lobova, “Expert in PR and communications”. They both work through or with (but are not employed by) Crisis Management Center (CMC) an outgrowth of Maidan communications. They have been hired by CabMin to do “communications” for GOU.
- MERP participated in several coordination meetings on Donor Communications Activities of Cab Min. Larisa Shustenko, Head of Communications Department of Cabinet of Ministers presided. The 25 participants represented the British Embassy (which is originator of the group), GIZ, WB, US Embassy, USAID OTI and OEG, EU, and other donors and projects. This is a new donors’ coordination group that is only “two or three months old”. Attention was primarily focused on a draft ‘Map of communications needs and support’, a document summarizing key GOU areas of interest identified as having significant communications needs, and noting which donor provides what support. The contact listed for comments to the Map is Anastasiya.Krashevskaya@fco.gov.uk
- MERP met with CabMin communication consultants to discuss their outreach plans and cooperation on the development and implementation of information campaigns on the following issues: Ukraine’s energy dependence, tariff regulation reform, and energy efficiency in apartment buildings. CabMin identified these three topics as the most urgent for Ukraine today. MERP presented its information materials (TV PSAs, big board advertisements, and brochures), developed by MHRP in 2009-2013. Because the information campaign materials presented by MERP team were focused on the theme of Ukraine’s Energy dependence and energy efficiency in residential buildings, MERP offered use of these USAID materials within the nation-wide information campaign that CabMin is trying to launch in August. MERP shared its PR and Communication Plan as well as PSAs on energy efficiency.

Unfortunately, CabMin communication group did not take into account MERP recommendations on energy efficiency messages. CabMin communication group produced PSAs and placed billboards with confusing

messages that did not provide clear answers/recommendations to the end-users on energy efficiency and gas savings. MERP concerns were shared with USAID.

At the local level, MERP was instrumental in organizing focus groups to find local “stars” or prominent community activists who will help mobilize civil society support on Clean Energy/Energy Efficiency issues, particularly practical behavior change steps. In July, the MERP team conducted training workshops for focus group moderators from two partner-cities: Dnipropetrovsk (July 3-4), and Zaporizhzhia (July 24-25). Two-day trainings were attended by approximately 15 participants in each city, among whom were representatives of local authorities, utility companies, housing maintenance companies (ZhEKs), as well as local representative of OPORA Civil Network. After the completion of the course, the task for each city was to conduct six focus groups on public awareness about CE/EE and other issues, as well as collect questionnaires on relevant issues. By the beginning of September, all participating cities completed surveys through focus group sessions and questionnaires. The submitted data were processed by MDI experts and were submitted to MERP by the end of September.

MERP provided support to City Council Press Offices and NGOs by offering training workshops and seminars plus one-on-one information sessions with the Project’s outreach staff. During July-September MERP conducted one-by-one sessions with authorities of MERP pilot cities presenting directions and messages of the information campaign. Also, in late September, presentations were made on marking and branding issues, PR and outreach activities during a workshop for NGOs being trained as potential USAID grant recipients.

The MERP Communication team established cooperation with JWT Advertising to develop outdoor advertisements and video PSAs as part of a GDA. Several meetings were held to collaborate on development of creative materials that will cover three major themes:

- Importance for everyone to contribute to the energy independence of Ukraine; stay energy-smart during this winter.
- Importance to insulate buildings as a whole and not just separate apartments,
- Importance to switch to alternative energy resources to decrease Ukraine’s energy dependence on gas.

It is expected that the design of billboard posters covering these themes will be completed by the end of October. Thereafter, the team will concentrate on development of video PSAs.

MERP conducted targeted outreach to low-income residents and vulnerable groups, in support of Ukraine’s social safety net. The brochure “Why tariffs go up?” was produced to address the issue of tariff increases and to educate consumers about this topic.

MERP provided PSAs and information materials to administrations of the pilot cities, Regional Consulting Centers and Regional Offices of the Association of Ukrainian Cities and Communities in order to target outreach. About 2550 copies of “Ten Tips” brochure on how to conserve energy in multi-apartment buildings, and 1350 copies of the brochure “Why tariffs go up?”, and 10,000 posters on EE in households were distributed during this quarter via different distribution channels, which include:

- OPORA regional network centers
- Dnipropetrovsk Oblast Council
- Kyiv city administration
- Vinnytsia city administration
- USAID Field Days events in Lviv and Dnipropetrovsk

In addition, MERP produced co-branded materials with Kyiv city administration and Kyivenergo enterprise, as well as Dnipropetrovsk Oblast Council. Among co-branded materials are: “Ten Tips” brochure, “Why tariffs go up?” brochure, A3 format poster on EE tips for households (water, electricity and gas); billboards, metro light posters and video PSAs.

Printed copies of these materials will be provided by MERP, but will be distributed by Kyiv city administration in residential buildings (brochures and posters), outdoor advertising spaces in Kyiv (billboards) and through KyivEnergo customer service departments (billboards, brochures, posters and video PSAs);

MERP supported targeted public outreach events for local NGOs, interested associations and the general public. In August and September, MERP participated in USAID Field Day in Lviv (August 24) and Dnipropetrovsk (September 13). These events presented and promoted USAID Projects such as energy

efficiency, civil society, justice, healthcare, and agriculture. MERP distributed over 2000 copies of information materials on energy efficiency, tariff regulation, and OSBB development. Project experts presented best practices of energy efficiency measures in HOA buildings and informed interested participants about loans from Bank Lviv to condominiums to implement energy efficiency improvements in residential buildings. MERP enlisted volunteers from secondary school “Nadiya” in Lviv, and from secondary school #112 in Dnipropetrovsk to assist at information kiosks that served as an energy efficiency counseling centers, scientific labs, and creative studios for energy efficient technologies and clean energy applications. While adults were learning how to save money and energy, young visitors had a great time participating in various creative and scientific workshops, assembling alternative energy sources and electrical devices, and playing EE games and taking EE quizzes.

For the media, MERP hold expert energy briefings followed by trainings for journalists on a range of story options from finance to lifestyle. MERP participated in a press briefing on September 12 in Dnipropetrovsk that featured signing of MERP-Dnipropetrovsk Oblast Council MOU and launching of an Oblast EE outreach campaign. In addition, the Project was asked to provide the Oblast Council with MERP video and outdoor PSAs, brochures and posters for wide distribution in Dnipropetrovsk Oblast to support the campaign. The event was attended by about 15 media outlets, including four TV channels.

ACTIVITY 3: CAPACITY BUILDING AND DISSEMINATION

TASK 3.1: PREPARATION OF A LOCAL NON-GOVERNMENTAL ORGANIZATION FOR A DIRECT AWARD FROM USAID

During the previous Quarter, MERP conducted Organizational Capacity Assessments (OCAs) and training needs analyses for selected NGOs. This process was followed by discussions involving NGOs’ personnel to identify organization and area/element specific needs: capacity challenge and capacity needs to be addressed; capacity building actions and expected results. The results of the organizational capacity and training needs assessments were consolidated in Capacity Building Plans (CBPs) for each NGO.

To improve organizational capacity of the selected NGOs the project experts developed training agendas, which were agreed with each NGO. During July – September 2014, the project conducted five training sessions (three days each) covering the following areas:

1. Organizational Management, including:
 - Organizational strategic development;
 - Organizational management.
2. Administrative management, including:
 - NGO administrative management.
 - Procurement.
3. Financial Management, including:
 - NGO financial management (including operational and strategic levels);
 - Mechanisms to attract financial resources (fundraising).
4. Human resource management, leadership and team work, including:
 - Personnel management for NGOs;
 - Personnel development and leadership.
5. Program/Project Management, including:
 - Project management;
 - Project efficiency management.

Twenty-six representatives from four NGOs participated in these training sessions. The trainings included references to relevant USAID rules and regulations.

In addition, in late September, the Project conducted training that covered key requirements pertaining to local NGOs outlined in ADS, Standard Provisions for Non-US Nongovernmental Organizations, OMB Circular A-122 (Cost Principles) and Code of Federal Regulations (CFR). To improve technical capacity of selected NGOs the project conducted training on promotion of EE at the household/condominium/city level.

MERP developed draft agendas to be implemented by the NGOs under sub-awards and direct USAID funding. The agendas are based on existing Project priorities for renewable energy and energy efficiency areas. In particular, they cover:

- Agenda for an NGO in the Area of Renewable Energy (RE)
Activity 1: Improvement of RE legislative and regulatory enabling environment.
Activity 2: Capacity building and training
Activity 3: Promote RE Investment.
Activity 4: Preparation of project proposals and feasibility studies for RE projects. Natural gas replacement with biofuels.
Activity 5: Public information campaign and dissemination of best practices on RE.
- Agenda for an NGO in Energy Efficiency Area
Activity 1: Improvement of EE legislative and regulatory enabling environment.
Activity 2: Capacity building, training, preparation and implementation of certification programs
Activity 3: Promote EE Investment.
Activity 4: Public information campaign and dissemination of best practices on energy efficiency and energy savings.

Four local NGOs have basic technical capacity in place to implement the proposed agenda for Energy Efficiency and two NGOs exhibit adequate technical capacity for Renewable Energy areas. The Memorandum “Recommendation memo regarding selection of a local partner from the existing pool of NGOs” was submitted for COR review and concurrence on September 11, 2014; COR concurrence was received on September 23, 2014.

TASK 3.2: FACILITATING GOVERNMENT-TO-GOVERNMENT ASSISTANCE: PREPARING GOU INSTITUTION(S) OR LOCAL GOVERNMENT(S) FOR A DIRECT AWARD FROM USAID

The project was informed by USAID that G2G Task 3.2 activities should be put on hold until further notice from USAID. During the reporting period, MERP did not conduct any activities on this task.

ACTIVITY 4: ENHANCE CAPACITY FOR THE GOU IN LOW EMISSION DEVELOPMENT STRATEGIES (EC LEDS)

TASK 4.1: STRENGTHENING INSTITUTIONAL CAPACITY IN PLANNING LEDS-REDS

Established working relations with LEDS-related state bodies

During this reporting period, MERP continued communication with the Ministry of Economic Development and Trade (MEDT) on MOU implementation and Draft Work Plan agreement. Last version of the Draft Work Plan was officially sent to MEDT as an attachment to a letter from USAID on July 8, 2014. This Draft Work Plan incorporated core elements indicated at official communication from MEDT in late June 2014, including but not limited to development of LEDS KPI for Ukraine and establishing its monitoring system.

Technology Needs Assessment (TNA) work was continued during the reporting period on the iron and steel sector and MERP subcontractor IEEC has developed structure and introduction to Iron and Steel TNA report. Analysis of the development priorities of Ukraine based on the Government strategic decisions in the context of current circumstances was made and a list of general barriers to the implementation of new technologies in Ukraine was prepared.

Cooperation with MEDT on “Global Clean Tech for SMEs” initiative under UNIDO Green Industry assistance continued to be pursued during the reporting period. No feedback from UNIDO has been received.

Inter-Agency Coordination

MERP continued fruitful cooperation with the State Environment Investment Agency (SEIA) under Cooperation Work Plan provisions on climate change legislation, the National GHG Inventory System, and the 6th National Communication on Climate Change.

The Working Group on Climate Change Strategy and State Policy until 2020 (WG) continued its work during the reporting period. On August 7, MERP in cooperation with SEIA organized the first enlarged meeting of the State Climate Change Strategy Working Group in the format of the Round Table “Core Principles (strategy) of state climate policies: elements and goals”. This Round Table was the first broad stakeholders’ consultations on the elements of State Climate Policy Strategy. Thirty-two participants from SEIA, NGOs, local and international expert community (both technical and policy levels), private business representatives and international donors discussed elements, goals and purposes of the State Climate Policy Strategy as well as the most appropriate legal form and status of this document. SEIA representatives presented their views on core elements of legislation such as mitigation, adaptation, MRV, National GHG Inventory System, Science and Technology, as well as international cooperation elements of the Strategy.

A Domestic Emission Trading Scheme was discussed as an important element within mitigation activities, which requires a standalone position and a lot of effort to be implemented under EU-Ukraine Association Agreement provisions. The consensus was that MRV regulations should be part of State Climate Policy Strategy.

A Zero Draft State Climate Policy Strategy was prepared based on the outcomes of the WG and proposals made during the Round Table. This Zero Draft was compiled by MERP climate change legal expert as elements for State LEDS Climate Policy legislation and was further discussed at a meeting of the WG.

In accordance with Decree 442 of September 10, 2014, on GOU restructuring, SEIA will be liquidated with its functions transferred to the Ministry of Ecology and Natural Resources (MinEcology). A recent State Budget Amendment Law cut SEIA budget by 70%, therefore, most of the operation and work has been stopped due to very limited availability of staff; maximum 3-5 days per month is allocated to each person. No further work has been done on the Zero Draft State Climate Policy due to the budget decrease and liquidation situation even though no further official liquidation steps were taken by the GOU.

Ministry of Ecology and Natural Resources cooperation been intensified during the reporting period and a draft MOU has been developed. The draft MOU has identified the following areas of cooperation and outlined expected results:

- introduction of the best international practices in activities of MinEcology through capacity building for development of low emission climate strategy and the relevant inter-ministerial and international coordination;
- improvement of functioning of the national system of inventory of anthropogenic emission by sources and absorption by greenhouse gas absorbents on the national level for the purpose of preparation of the national inventory of anthropogenic emission by sources and absorption of greenhouse gases (greenhouse gas inventory system), including improvement of inter-ministerial coordination during collection of information and support for development of the national emission factors;
- improvement of tools for the process of carrying out international activities under the United Nations Framework Convention for Climate Change and its Kyoto Protocol, and improvement of inter-ministerial coordination on climate change issues;
- improvement of informational, technical, legislative and regulatory activities of the Inter-Ministerial Commission on Fulfillment of the United Nations Framework Convention for Climate Change Issues, and of other climate change task forces;
- improvement of efficient use of funds, budget funds envisaged in the state budget under state program “financial provision of targeted projects on environmental modernization of enterprises” when enterprises are payers of the environmental tax.

National GHG Inventory System Enhancement

MERP presented the cornerstone document on National GHG Inventory System enhancement. The Enhancement Plan, a 300-pages long analytical document, is the result of 10-months work of the expert community and state officials. It was officially submitted to SEIA and the National GHG Inventory Center after extensive internal consultations and broad consultations with stakeholders during the Round Table “Enhanced inter-agency coordination for National GHG Inventory System in Ukraine” On August 14,

MERP in cooperation with National GHG Inventory Center and SEIA organized the First Round Table “Enhanced inter-agency coordination for National GHG Inventory System in Ukraine”. Over 40 participants from state agencies, scientific and research institutions, experts and technical assistance programs discussed IPCC 2006 requirements and work to be accomplished by all participants in order to comply with requirements in the sectors of energy, industrial processes, wastes, agriculture, Land Use and Land Use Change, and QA/QC on all stages. The Energy Sector and Industrial Processes sectors were discussed in detail. Participants identified information and data completeness and sources as a core bottleneck of the National GHG Inventory System and discussed possible solutions and data sources for each specific category and sector. National GHG Inventory Report for 1990-2012 Centralized Review, conducted by an international Expert Review Team (ERT) under United Nations Framework Convention for Climate Change (UNFCCC) requirements, took place September 8-12, 2014. This Desk Review was a big milestone for Ukraine UNFCCC commitments as this is the final National Inventory Report (NIR) for the first commitment period of the Kyoto Protocol. This Desk Review faced many challenges and resulted in negative outcome with NIR improvements recommendations, which are reflected in a so-called “Saturday Paper” issued by UNFCCC on September 13, 2014. The issuance of a Saturday Paper means that ERT found the National GHG Inventory System in non-compliance to the relevant UNFCCC requirements. Six weeks are allowed to address issues raised in the Saturday Paper otherwise the country could go into non-compliance status under the Kyoto Protocol of UNFCCC. MERP has officially informed SEIA about availability and eagerness to support the Saturday Paper resolution process but no feedback had been received as of September 30, 2014. MERP will keep communicating with SEIA on this issue. Dialogue between SEIA and the Covenant of Mayors Representative Office in Ukraine continued during the reporting period with discussion on a holistic approach to all municipal projects, including Joint Implementation (JI) under the Kyoto Protocol. MERP initiated and assisted the official enquiry to the EC Joint Research Center (JRC) on how to treat JI municipal projects within SEAPs. MERP also established dialogue and working relations between developers of SEAPs and representatives of National GHG Inventory Center in order to ensure a unified and coordinated GHG emission factors approach. The 6th National Communication on Climate Change was prepared and submitted by Ukraine in 2014 along with First Biennial Report. MERP is providing on-going technical and expert support to SEIA in order to prepare for the international Expert Review Team in-country visit in October 2014 and to comply with UNFCCC requirements for national reporting on climate change.

TIMES-Ukraine Analytical and Modeling Support During the reporting period, MERP subcontractor IEF conducted work on enhancement and improvement of TIMES-Ukraine modeling to reflect LEDS. TIMES-Ukraine model update and verification of statistical data were made on the State Statistics Service of Ukraine data, in addition, a substantial amount of data were received from the Ministry of Energy and Coal Industry of Ukraine. For verification of existing and emerging technologies the data of State Agency for Energy Efficiency, national energy generating, energy and gas supply companies as well as oil, gas and coal production companies were adopted.

To define the prospective energy technologies and their technical and economic characteristics International Energy Agency statistics were adopted. These are contained in periodical publications, including, “Energy Technology Perspectives and Analytic Database of Energy Technologies” E-TechDS that was developed by the Energy Technology Systems Analysis Program (ETSAP). Determination of Ukrainian economic development indicators is based on the data from SI “Institute for Economics and Forecasting, National Academy of Sciences of Ukraine”, financial and rating agencies, as well as other organizations (for example, International monetary fund, World bank, Standard & Poor’s, etc.), and also Ministry of Economic Development and Trade of Ukraine. Long-term energy price forecasts are based on International Energy Agency data, published in the World Energy Outlook 2013. Factors for CO₂, CH₄ and N₂O from fuel combustion in stationary sources for different industries are based on the National inventory report of anthropogenic emissions by sources and removals by sinks of greenhouse gases in Ukraine for 1990-2010.

The report, “Unification of common parameters (assumptions) of national “TIMES-Ukraine” model and municipal SEAP modeling”, was finalized during reporting period. While a holistic and overarching approach to unified parameters was ensured, it was found that in contrast to national energy system development modeling and forecasting, domestic municipal energy modeling is uncommon and is not sufficiently developed in Ukraine both in theoretical and practical ways.

TASK 4.2: IMPLEMENTING LEDS-REDS THROUGH SUPPORT IN DEVELOPING AND INTRODUCING CLEAN ENERGY TECHNOLOGIES AND ENERGY SERVICES

Inter-Agency Coordination

On request of the Deputy Minister of Foreign Affairs, Olena Dzerkal, MERP met with the Ministry to provide assistance on preparation of GOU participation in the UN High Level Climate Summit (held September 23). MERP briefed on its LEDS-REDS activities, i.e. improvement of National GHG Inventory, development of Climate Change Strategy, and introduction of LEDS analytical tools. The Deputy Minister expressed a high interest in MERP activities and requested input for an Official Statement of the GOU to be made at the Summit by the Minister of Foreign Affairs, Mr Klimkin. The LEDS Task Leader provided the requested comments and suggestions to the Ministry. It was agreed to discuss a systemic approach of the GOU to Climate Change and LEDS issues with all involved GOU entities such as Ministry of Economy, Ministry of Environment, and Ministry of Foreign Affairs.

During the reporting period, MERP subcontractor IBSER, worked on assessment of environmental tax operations and implementations by conducting detailed analysis of tax legislation with respect to introduction and payment of the environmental tax in Ukraine (Tax Code of Ukraine, 2014 State Budget of Ukraine with amendments and other normative and regulatory acts regulating use of the environmental tax) and analysis of the system for regulation of use of proceeds from the environmental tax. IBSER also developed recommendations on the measures and amendments to the normative and legal acts for efficient use of the funds of the environmental tax. Analysis of fulfillment of expenditures from the State and local budgets from the funds of the environmental tax for 2011-2013 and the relevant period of 2014 was also conducted. Even though access to information and communication with the Ministry of Ecology and Natural Resources was not fully adequate, the report was finalized and it was accepted by a Ministry representative.

Donors LEDS Coordination in Legislation Support

LEDS Donors E-Coordination Platform was populated and test information was sent to participants of this Platform. Cooperation with World Bank initiative Partnership for Market Readiness (PMR) activities in Ukraine received increased attention due to the common MRV component in MERP and Market Readiness Proposal for Ukraine. The final report was reviewed commented on by MERP in order to eliminate overlaps and ensure a comprehensive approach to MRV by all donors and TA programs.

Under MRV, the regulatory support activities draft proposal for the “Draft Template Monitoring Plan for Municipal Boiler Stations” and draft proposal for the development of “Methodology for Estimation of GHG Emissions for Municipal Boiler Stations in the Stationary Fuel Combustion Sector” has been developed and distributed to partner cities that are developing and implementing SEAPs, for test runs.

Supporting EE and RE technologies

MERP supported introduction of new Clean Energy technologies. USAID COR Nesterenko and MERP DCOP Mitskan participated in the 10th International Conference “Energy of Biomass”. The Conference was

organized by NGO “Biomass” with support of MERP, Embassy of the Netherlands, and private companies. The event focused on preparation and implementation of projects in Ukrainian cities intended to substitute biofuel for natural gas. The Conference was chaired by Olexander Dombrovskiy, Rada Deputy, Head of Rada Faction “For Energy Independence of Ukraine”. It was attended by about 80 participants representing SAEF and MinRegion, industry associations, private investors, think tank institutions, international donors and IFIs. First Deputy of SAEF, Alexey Korchmit, presented a new GOU budget support policy supporting gas substitution by local fuels. Participants discussed best practices of biofuel projects, barriers and opportunities for new projects and new technologies.

TASK 4.3: DEVELOPING A UNIFORM DATABASE ON LEDS-REDS AND EXCHANGING EXPERIENCES AND BEST PRACTICES WITH OTHER COUNTRIES PARTICIPATING IN EC-LEDS

LEDS-Ukraine database will be established based on the global LEDS website www.ledsgp.org, where all materials and tools will be available bilingually or in Ukrainian. This web-based database will provide access to general description of LEDS process worldwide and Ukrainian specific circumstances, various tools and methodologies, legal framework, and technical aspects as well as related data and links.

Database structure covers description of steps towards a low carbon development path, various LEDS tools, GHG inventory tools, regulatory framework and policy of LEDS process, LEDS-related activities, potential partners and stakeholders information, analytical reports and publications and stakeholders forum. UNFCCC processes, decisions and tools will be presented in a separate section. A Technology Needs Assessment (TNA) section will outline sectoral TNA approaches and tools as well as existing TNA Reports.

Proposed LEDS database structure:

- Energy Efficiency: Energy Efficiency Policy and Regulations
- Renewable Energy: Renewable Energy Policy
- Sustainable Development: Principles and Core Elements; Sustainable Development in Ukraine
- Climate Change Policies: UNFCCC Activities; Kyoto Protocol; TNA; LEDS Core Elements; Technology Transfer; GHG Inventories and National GHG Inventory System
- Legal Framework
- Projects
- Events and news
- Partners and institutions
- Analytical Documents and Materials
- Forum

LEDS web-based database for Ukraine will be developed in close cooperation and consultations with state officials, expert community, and civil society using best practices from other countries and lessons learned from global EC-LEDS initiative. LEDS web-based database will be open to public and designated facilitators from all levels of stakeholders, including state officials, technical experts, and civil society who will have access to add and edit the information, tools and materials. The database structure will be revisited after two years of operation to improve and revise the structure and incorporate necessary updates.

C.4 PERFORMANCE INDICATORS

The Monitoring and Evaluation (M&E) Plan was prepared and submitted to USAID COR for review and approval. The Plan was approved by USAID in April 2014.

No.	Key Performance Indicator	Unit of Measurement and Data Source	Collection and Reporting Frequency	Base line	Year 1		Year 2		Year 3		Year 4		Total	
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
Project Purpose: Enhanced Energy Security														
0.1	Energy Intensity (context indicator)	Units: Tons of oil equivalent/per thousand of USD Sources: GOU (State Statistics Committee, Ministry of Economy, SAEE); World Bank; IEA Reports	Annually ¹	0,69 2012	n/a	Data collection in process	n/a		n/a		n/a		n/a	
	Definition: Energy Intensity as Units of energy per unit of GDP Justification: Context indicator provided by the USAID Mission. This measures the energy efficiency of a nation's economy. Disaggregated By: N/A													
0.2	Net energy imports as a percent of energy use (context indicator)	Unit: percentage Sources: GOU (State Statistics Committee and Ministry of Energy); World Bank; IEA Reports	Annually	37.9 2012	n/a	Data collection in process	n/a		n/a		n/a		n/a	
	Definition: Ratio of net energy imported and energy used for all economic sectors. Justification: Context indicator provided by the USAID Mission. This measures dependence of Ukrainian economy from imports of energy resources Disaggregated By: N/A													
0.3	Emission Intensity (context indicator)	Unit: metric tons of CO2 equivalent per thousand USD Sources: GOU (State Statistics Committee and Ministry of Environment); World Bank	Annually	2.99 2011	n/a	Data collection in process	n/a		n/a		n/a		n/a	
	Definition: Emission Intensity as Ratio of GHG emissions produced by Ukraine's economy to GDP Justification: Context indicator provided by the USAID Mission. This measures the average GHG emission rate from national economic activities													

¹ For all context indicators we expect 4 to 7 months lag for FY required M&E Plan reporting of ACTUAL numbers. Data for municipalities and GOU entities are only available on a calendar year (CY), NOT quarterly basis, and even then NOT UNTIL CY annual reports are released in March-April timeframe. For international organizations' index data, we expect lag of 12 months.

No.	Key Performance Indicator	Unit of Measurement and Data Source	Collection and Reporting Frequency	Base line	Year 1		Year 2		Year 3		Year 4		Total	
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
	Disaggregated By: N/A													
0.4	Number of beneficiaries with improved energy services due to USG assistance	Unit: Number of people, in thousand Sources: Implementing partners; Energy companies / utilities; Municipalities, Ministry of Regional Development, Construction, Housing and Communal Services (MinRegion)	Annually	0	120	0* *Data collection in process	700		580		400		1,800	
	Definition: This is the number of people who benefit from improved energy services due to USAID assistance. Illustrative examples of improved energy service include a new electricity connection, improved cook stove, or access to gas, increased number of hours of electricity service, and reduced outages and voltage fluctuations. Justification: This is standard indicator 4.4.1-31. The number of beneficiaries of USAID- assisted energy services indicates increased availability of energy for more rapid and sustained economic growth and social development. Disaggregated By: Geographical unit, gender													
Objective 1.0: Improved Energy Policies														
1.0.1	Index of environmental performance (context indicator)	Unit: Aggregate Index based on 25 indicators Sources: Columbia University	Annually	49.01 Calculated in 2014 (2012 data)	n/a	Data collection in process	n/a		n/a		n/a		n/a	
	Definition: Environmental performance index based on the experience of the Yale Center for Environmental Law and Policy (YCELP) and the Center for International Earth Science Information Network (CIESIN) at Columbia University. "Index" as an aggregate of performance indicators, which generally implies conversion to common units (or a unitless scale) and weighted or unweighted aggregation (i.e., averaging, adding, or applying other mathematical operations) Justification: Context indicator provided by the USAID Mission. The strength of the EPI is in its expert consensus-based framework that identifies critical environmental policy issues and calculates scientifically rigorous metrics on a common and comparable scale Disaggregated By: N/A													
1.02	Number of laws, policies, strategies, plans, agreements or regulations addressing climate change and or biodiversity conservation officially proposed, adopted, or implemented as a result of USG assistance	Unit: Number of documents Sources: Implementing partners; Ministry of Energy; MinRegion; Ministry of Environment; Ministry of Economy; Rada Committees; Association of Ukrainian Cities; NCCSMR; SAAE	Annually	0	2	4	3		4		3		12	
Definition: Laws, policies, strategies, plans, agreements or regulations include those measures developed to address climate change and/or biodiversity conservation issues. If a measure is not yet														

No.	Key Performance Indicator	Unit of Measurement and Data Source	Collection and Reporting Frequency	Base line	Year 1		Year 2		Year 3		Year 4		Total	
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
	adopted, it must at least be formally proposed within an official government process to be reported. Justification: This is standard 4.8.2-28 that measures critical adoption of Climate Change laws, policies, strategies, regulations needed for municipal energy reform. Activities use this indicator to monitor achievement towards targets related to results statements of the adaptation results framework. USG programs aggregate data for this indicator to track progress of the global portfolio towards high-level outcomes of the adaptation pillar. Disaggregated By: Type of documents and their approval stage (based on legal score card)													
Sub-objective 1.1 Legislation that supports CE/EE investments is in force														
1.1.1	Business Environment for Energy Index (context indicator)	Unit: Aggregate Index Sources: World Bank Group leads the preparation of the BEE index in close collaboration with other MDBs	Annually	Under development by WB	n/a	Data collection in process	n/a		n/a		n/a		n/a	
	Definition: Business Environment For Energy (BEE) Index (administered by Clean Investment Fund). The BEE index tracks policy indicators related to improving the business environment for investments in renewable energy, energy efficiency, and energy access in each country Justification: Context indicator provided by the USAID Mission. The BEE index permits the analysis of the progress on enabling environment conditions for each country, as a benchmark for monitoring progress over time. Disaggregated By: N/A													
1.1.2	Number of policy reforms/ laws/ regulations/administrative procedures drafted and presented for public/stakeholder consultation to enhance sector governance and/or facilitate private sector participation and competitive markets as a result of USG assistance	Unit: Number of documents Sources: Implementing partners; Ministry of Energy; MinRegion; Ministry of Environment; Ministry of Economy; Rada Subcommittee on Communal Services; Association of Ukrainian Cities; NCCSMR; NERC	Annually	0	5	13	4		4		3		16	
	Definition: Number of reforms, regulations, and procedures drafted by USG implementers and discussed with local stakeholders. Justification: This is standard 4.4.1-33 FAF indicator that measures critical adoption of policy/procedural improvements needed for sector reform. An improved enabling environment is essential for attracting investment and improving the sustainability of all energy services. Disaggregated By: Type of documents and their approval stage (based on legal score card)													
Intermediate result (outcome) 1.1.2.1 Advanced coordination of GOU and donors established														
1.1.2.1	Number of GOU Working Groups meetings assisted by USG to support legal and regulatory municipal energy reforms	Unit: Number of Working Groups meetings Sources: Implementing partners; Ministry of Energy; MinRegion; Ministry of Environment; Ministry of Economy; Rada Subcommittee on Communal Services; Association of Ukrainian Cities; NCCSMR	Semi-annually	0	8	17 High level (34 total)	8		8		6		30	

No.	Key Performance Indicator	Unit of Measurement and Data Source	Collection and Reporting Frequency	Base line	Year 1		Year 2		Year 3		Year 4		Total	
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
	Definition: Number of GOU WG meetings organized and assisted by the project experts to advance improvement of legal and regulatory environment of municipal energy reform Justification: This is project level indicator measuring project efforts in coordinating GOU agencies in municipal energy reform Disaggregated By: N/A													
1.1.2.2	Advanced e-based donor coordination platform developed and used to support municipal energy reform	Unit: Process indicator (S1-S4) Sources: Implementing partners; Donors	Semi-annually	0	S1/S2	S1/S2	S3/S4		S4		S4		S4	
	Definition: E-based platform developed to support advanced donor coordination on municipal energy reform. Process indicator: S1 – concept developed; S2 – technically implemented; S3 – training organized; S4 – e-based tool is used Justification: Indicator of improved donor coordination with support of IT-tool. Support and facilitate exchange of agenda, legal and technical documents, public outreach materials and best practices Disaggregated By: N/A													
Sub-objective 1.2 GOU implement a sound LEDS-REDS														
1.2.	Number of institutions with improved capacity to address climate change issues as a result of USG assistance	Unit: Number of entities Sources: Implementing partners; Ministry of Energy; MinRegion; Ministry of Environment Ministry of Economy; Rada Committees; Professional Associations; Municipalities	Annually	0	8	7	8		7		2		25	
	Definition: Institutions with improved capacity to address climate change issues have new or increased ability to use new or different approaches, processes, strategies, or methodologies to mitigate and/or adapt to climate change. Measuring improved institutional capacity to address climate change an initial baseline assessment of the targeted capacity and a post-intervention assessment. Relevant institutions include partner government or regional government institutions (such as ministries, departments, or commissions), private sector entities, local civil society organizations, and trade unions, among others. Justification: This is standard indicator 4.8.2-14 that measures government ability and improved capacity to implement LEDS-REDS Disaggregated By: Type of entities													
Intermediate result (outcome) 1.2.1. Better understanding of GCC and LEDS-REDS issues														
1.2.1	Number of people receiving training in global climate change as a result of USG assistance	Unit: Number of people Sources: Implementing partners; GOU entities; Municipalities; Industry professionals and their associations	Semi-annually	0	200	256	200		300		300		1000	
	Definition: Training is defined as a learning activity for participants involving: 1) a setting intended for teaching or transferring knowledge, skills, or attitudes; 2) formally designated instructors or lead persons; and 3) a defined curriculum, learning objectives, and outcomes. This indicator focuses on delivery of training that was made possible through full or partial funding from the USG. This could include provision of funds to pay teachers, providing hosting facilities, or other key contributions necessary to ensure training was delivered. Justification: This is standard 4.8.2-6 GCC indicator that measures increased knowledge on GCC and LEDS-REDS Disaggregated: Gender													
Intermediate result (outcome) 1.2.2 Better use of analytical tools for LEDS-REDS														
1.2.2	Number of GOU and local government entities using TIMES-	Unit: Number of entities Sources: Ministry of Energy; MinRegion;	Semi-annually	0	8	7	6		5		1		20	

No.	Key Performance Indicator	Unit of Measurement and Data Source	Collection and Reporting Frequency	Base line	Year 1		Year 2		Year 3		Year 4		Total	
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
	Ukraine model or MEIS for planning and projections GHG emission reduction	Ministry of Environment; Ministry of Economy; municipalities SAEE; SAEI; Implementing partners												
	Definition: Number of national and local government entities trained on TIMES-Ukraine or MEIS and able to use model for LEDS-REDS (i.e. SEAPs) Justification: Indicator of capacity building on TIMES-Ukraine at the GOU level and MEIS at the municipal level which ensures analytical support for LEDS-REDS Disaggregated By: Type of entities													
Sub-objective 1.3 GOU apply improved tariff methodologies and target household subsidies														
1.3.1	Number (and percentage) of GOU-regulated utility companies that apply cost-reflective, incentive-based tariff(s) as a result of USG assistance	Unit: Number of companies Sources: NCCSMR, regulated utilities, associations of utilities, municipalities, Implementing partners	Annually	0	0	23	0		10		90		100	
	Definition: Number of regulated utilities that applied cost-reflective methodology with incentive towards EE investments Justification: Indicator of introduction of cost-reflective tariffs that lead to EE investments in municipal utilities Disaggregated By: Geographic unit													
1.3.2	Percentage of Ukraine consumers served by GOU-regulated utility companies that apply cost-reflective, incentive-based tariff(s) as a result of USG assistance	Unit: Percentage Sources: NCCSMR, regulated utilities, associations of utilities, municipalities, Implementing partners	Annually	0	0	21	0		2		18		20	
	Definition: Percentage of consumers served by regulated utilities that apply new cost reflective incentive based tariff methodology Justification: Indicator of introduction of cost-reflective tariffs that lead to better service to end-consumers Disaggregated By: Geographic unit													
Intermediate result (outcome) 1.3.2.1 Improved capacity of the Regulator and utilities on developing and using incentive tariffs and benchmarking methodologies														
1.3.2.1.1	Energy market Regulator's capacity as a result of USG assistance	Unit: Process indicator (S1-S4) Sources: NCCSMR; Municipal utilities; Implementing partners	Semi-annually	0	S1/S2	S1/S2	S2/S3		S3		S4		S4	
	Definition: National Regulator for Housing and Communal Services improved its capacity to regulate utilities in accordance with the best international practices. Process indicator: S1 – OCA conducted to identify areas for improvement; S2 – Capacity Building Plan prepared and implemented; S3 – Regulatory Information Management System developed and operational; S4 – International Best practices transferred and used Justification: Indicator of capacity building for NCCSMR. Measures progress of improved regulatory capacity to support market reform Disaggregated By: N/A													
1.3.2.1.2	Transparent incentive based tariffs methodologies developed and approved by National Regulator	Unit: Process indicator (S1-S4) Sources: NCCSMR; Municipal utilities; Implementing partners	Semi-annually	0	S1/S2	S1/S2	S2		S3		S4		S4	
	Definition: Methodologies for cost-recovery incentive tariffs developed with assistance of USG programs. Capacity built for the Regulator, its regional offices and municipal utilities to use them. Process indicator: S1 – Methodologies developed and approved; S2 – Training and capacity building seminars provided; S3 - Methodologies tested on pilot utilities; S4 – Enforcement started Justification: Indicator of introduction and capacity building on new tariff and benchmarking methodologies needed to improve financial and operation performance of municipal utilities													

No.	Key Performance Indicator	Unit of Measurement and Data Source	Collection and Reporting Frequency	Base line	Year 1		Year 2		Year 3		Year 4		Total	
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
	Disaggregated: N/A													
Intermediate result (outcome) 1.3.2.2 Adverse effect of tariff increases on vulnerable population is mitigated														
1.3.2.2	Number of people that benefit from strengthened social policy and improved subsidies system (direct, means tested, monetized)	Unit: Number of people Sources: Implementing partners; Ministry of Labor; State Statistics Agency; Municipalities	Semi-annually	0	5,000	4,000	10,000		20,000		25,000		60,000	
	Definition: Number of people in the cities involved in improved social safety-net protection program developed with USG assistance Justification: Indicator of improvement of subsidies system needed for enforcement of cost-recovery tariffs Disaggregated By: Geographic unit; gender													
	Sub-objective 1.4 GOU applies modern EE standards													
1.4	Number of EE and CE standards developed and approved by the GOU as a results of USG assistance	Unit: Number of documents Sources: Implementing partners; MinRegion; MinEconomy; SAAE; professional associations	Semi-annually	0	2	2	2		2		0		6	
	Definition: Number of EE and CE standards prepared and approved with USG assistance Justification: Indicator of improvement of energy standards in accordance with requirements of Energy Community Disaggregated By: N/A													
	Objective 2.0: Increased Energy Efficiency													
2.0	Energy saved as a result of USG assistance ²	Unit: Million Cubic Meters of gas Sources: Implementing partners; GOU entities; Municipalities; private partners; utilities; IFIs; commercial banks	Annually	0	0	0	70		83		113		266	
	Definition: Measures the amount of energy saved through efficiency or substitution measures indicated in SEAPs , LEDS-REDS sectorial strategies and implemented with USG assistance. It takes into account total savings over a five-year long project life. Justification: Indicator of energy saved from implementation of policy and project measures. Disaggregated By: Geographic unit													
	Sub-objective 2.1 Increased access to CE production and EE improvement services													
2.1	Number of CE/EE improvement projects prepared and implemented as a result of USG assistance	Unit: Number of projects Sources: Implementing partners; Energy companies / utilities; Municipalities, MinRegion, IFIs, commercial banks and	Annually	0	0	0	6		5		4		15	

² Indicator targets for Energy Saved use economic and energy price assumptions. If economic situation changes dramatically (more than 20% i.e. currency exchange rate), we will recommend revision of the proposed targets for this indicator.

No.	Key Performance Indicator	Unit of Measurement and Data Source	Collection and Reporting Frequency	Base line	Year 1		Year 2		Year 3		Year 4		Total	
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
		private investors												
	Definition: Number of CE/EE projects prepared for IFIs, commercial banks, or private sector investments by project experts, including feasibility studies, business plans, technical specifications, tender documents Justification: Indicator that municipalities and utilities are moving forward productively in preparation of investment proposals and securing funding for making CE/EE improvements Disaggregated By: Geographic unit													
Intermediate result (outcome) 2.1.1 Sustainable energy planning and energy management introduced														
2.1.1.1	Number of low emissions development strategies developed as a result of USG assistance (LEDS, SEAP, other)	Unit: Number of plans Sources: Implementing partners; Energy companies / utilities; Municipalities	Semi-annually	0	6	3 (4 under development)	5		4		0		15	
	Definition: Number of strategic action energy plans developed, completed and presented for approval in 15 cities (in accordance with Covenant of Mayors requirements) with project assistance. Justification: Indicator that selected municipalities are taking productive steps toward developing and implementing a long-term, economically efficient, and environmentally sustainable energy strategy, using where possible renewable energy sources. Disaggregated By: Geographic unit													
2.1.1.2	Number of cities involved in energy management as a result of USG assistance	Unit: Number of cities Sources: Implementing partners; Municipalities and utilities	Semi-annually	0	6	7	5		4		0		15	
	Definition: Number of cities that developed and approved energy management systems based on ISO 50001. Justification: Indicator of energy management systems in the cities to sustain municipal energy reforms Disaggregated By: Geographic unit													
Sub-objective 2.2 Expanded opportunities for training in CE/EE														
2.2	Person hours of training completed in technical energy fields supported by USG assistance	Unit: Number of persons-hours in training. Sources: Implementing partners; GOU entities; Municipalities; Industry professionals and their associations	Annually	0	3,680	7,328	3,200		2,400		1,280		10,560	
	Definition: This indicator uses the following equation (number of trainings x number of persons x number of hours) to express the number of USG-supported training hours that were completed by training participants Justification: This is standard indicator 4.4.1-34. Indicator of capacity building to ensure future ability to reform and sustain the sector reforms. Disaggregated By: Type of person trained; type of training provided; gender													
Intermediate result (outcome) 2.2.1 Local capacity to implement CE/EE initiatives through direct donor awards is improved														
2.2.1	Number of local organizations engaged in capacity building to prepare for receiving direct donor assistance	Unit: Number of organizations Sources: Implementing partners; Municipalities; NGOs, Industry professionals associations	Semi-annually	0	3	5	2		0		0		5	
	Definition: Number of local NGOs and professional associations involved in training on improved organizational, financial management, HR, and technical capacity to be qualified for USAID and other donor funding Justification: Indicator of capacity building for local NGOs and professional associations to ensure future ability to reform and sustain the sector reforms. Disaggregated By: Geographic unit													

No.	Key Performance Indicator	Unit of Measurement and Data Source	Collection and Reporting Frequency	Base line	Year 1		Year 2		Year 3		Year 4		Total	
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
Sub-objective 2.3 Increased public appreciation of EE benefits														
2.3	Public acceptance of energy efficiency and clean energy measures as a result of USG assistance	Unit of Measure: Percentage of people Sources: Implementing partners; Municipalities; Industry professionals associations and CSOs; utilities; HOAs associations and Resource Centers	Annually	0	5	10	10		10		25		50	
	Definition: Percentage of people surveyed who express support of a shift to energy efficiency and clean energy measures Justification: Indicator of how USG assistance improved public awareness and support to municipal energy efficiency and clean energy measures in 15 partner cities Disaggregated By: Geographic unit; Gender													
Intermediate result (outcome) 2.3.1 Targeted outreach campaign prepared and implemented														
2.3.1	Number of events undertaken to promote energy-efficient reforms and institutionalize a public participation process	Unit: Number of events Sources: Implementing partners; Professional associations; Municipalities; GOU entities	Semi-annually	0	8	12	7		7		8		30	
	Definition: Number of public events undertaken to promote energy-efficient reforms and institutionalize public participation processes. Includes public opinion surveys, conferences, round tables, high-level discussions, public hearings, public city councils, hearings and public information campaign activities Justification: Indicator of how USG assistance support public events needed for official and public acceptance for municipal energy reform, i.e. CE/EE plans, programs, and projects cities Disaggregated By: Geographic unit													
Objective 3.0: More Private Investment in Energy Sector														
3.0	Amount of investment leveraged in U.S. dollars, from private and public sources, for climate change as a result of USG assistance	Unit: Millions of US Dollars Sources: Implementing partners; Energy companies / utilities; investors; banks; IFIs; commercial banks	Annually	0	0	0	55		65		80		200	
	Definition: Funding leveraged, as a result of USAID assistance, for climate change programs, that support actions, activities, projects or programs that reduce or sequester GHGs or increase capacity to adapt to the impacts of climate variability and change. Funding may be leveraged from the public sector (e.g., other donors) or private sector financing (e.g., corporate investments) and must be additional to USG funds invested in a program and must advance the objectives established by the USG-supported program. Leveraged funds can include funding transferred to a common funding instrument, delivered in parallel or provided in-kind. Justification: This is standard indicator 4.8.2-10. USG funds are intended to be catalytic and to have sustainable benefits. Sustained private investment is a positive indicator of a supportive enabling environment. Disaggregated By: Geographic unit; Investment / Lending source													
Sub-objective 3.1 Reduced GHG emissions														
3.1	Quantity of greenhouse gas emissions reduced or sequestered as a result of USG assistance in energy, industry, urban, and or	Unit: thousand metric tons CO ₂ equivalent Sources: Implementing partners; Municipal utilities; Municipalities; Energy service companies	Annually	0	0	0	132		157		214		503	

No.	Key Performance Indicator	Unit of Measurement and Data Source	Collection and Reporting Frequency	Base line	Year 1		Year 2		Year 3		Year 4		Total	
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
	transport sectors ³													
	Definition: This indicator reports the quantity of greenhouse gas (GHG) emissions, estimated in metric tons of CO2-equivalent, reduced, sequestered, and/or avoided, as a result of USG activities, as compared to a baseline level of GHG emissions. Justification: This is mandatory standard indicator 4.8-7. Indicator of GHG emission reduction resulting from all project activities Disaggregated By: N/A													
Intermediate result (outcome) 3.1.1 Based on improved GHG accounting, mitigation actions developed														
3.1.1.1	National Inventory System functioning in accordance with latest IPCC requirements	Unit: Process indicator (S1-S4) Sources: Implementing partners; SAEI; MinEcology	Semi-annually	0	S1	S2	S2		S3		S4		S4	
	Definition: National Inventory System enhanced according to international best practices (IPCC requirements) with expansion to forecasting use and local customization, and deployed. Justification: Proper accounting of GHG is a basis for GHG planning and mitigation. Process indicator: S1 – Gap analysis conducted; S2 – Recommendations prepared; S3 – Enhancement measures developed; S4 – Implementation started Disaggregated By: N/A													
3.1.1.2	Number of climate change mitigation tools, technologies and methodologies developed and adopted as a result of USG assistance	Unit: Number of tools Sources: Ministry of Energy; MinRegion; Ministry of Environment; Ministry of Economy; municipalities and utilities; SAEI; SAEI; Implementing partners	Semi-annually	0	0	0	2		4		4		10	
	Definition: Number of methodologies, technologies and tools developed to support CO2 emission reduction plans and LEDS-REDS implementation Justification: Indicator of development of enabling tools (i.e. methodologies and technologies) for implementation of LEDS-REDS at both national and local levels Disaggregated By: Types of tools													
Sub-objective 3.2 Increased capacity to identify and use new funding for increasing EE and CE production at the municipal level														
3.2.1	Number of CE/EE loans (except DCA) prepared and executed as a result of USG assistance	Unit: Number of loans Sources: Implementing partners; IFIs, private investors, commercial banks	Annually	0	0	0	2		2		2		6	
	Definition: Number of loans for EE and CE projects prepared and executed with assistance of USG Justification: Indicator of attraction of commercial funding for CE and EE projects at the municipal level Disaggregated By: Geographic unit													
3.2.2	DCA utilization ratio including number of loans (for all DCA arrangements)	Unit: Ratio of value of loans issued under guarantee to total value of guaranteed portfolio, in percentage Sources: Implementing partners; Commercial banks	Annually	0	5	13	10		20		20		55	

³ Indicator targets for Quantity of GHG Emissions use economic and energy price assumptions. If economic situation changes dramatically (more than 20% i.e. currency exchange rate), we will recommend revision of the proposed targets for this indicator.

No.	Key Performance Indicator	Unit of Measurement and Data Source	Collection and Reporting Frequency	Base line	Year 1		Year 2		Year 3		Year 4		Total	
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
	Definition: Measures utilization of DCA partial guarantee by the partner banks for financing of EE projects Justification: Indicator of utilization of DCA partial guarantee. Used for evaluation of efficiency of DCA program Disaggregated By: Geographic unit													
Intermediate result 3.2.2.1 New financial mechanisms developed and implemented at the municipal level														
3.2.2.1	Number of financial mechanisms developed with USG assistance	Unit: Number of mechanisms Sources: Implementing partners; ESCOs, private investors, municipalities	Semi-annually	0	0	0	2		2		2		6	
	Definition: Number of new financial mechanisms prepared and used at the municipal level. It includes concept papers, due diligence documents, and agreements for ESCOs/EPCs, GDAs, PPPs, others for financing of CE/EE projects Justification: Indicator of extension of financial mechanisms for CE/EE projects Disaggregated By: Geographic unit; type of mechanisms													

D. SCHEDULES

Due to general political and economic crisis in the country described in section E, the projected schedule for some activities was delayed for one-two months.

National level:

Key legislation of municipal energy reform was drafted (Draft Laws on ESCO; Draft Law on Energy Efficiency in Buildings; Draft Law on Ownership of HOA buildings; Draft Law on Metering) but their approval was delayed until at least December 2014 (until new Rada is elected and operational).

Due to GOU instability and liquidation of the NCCSMR, the following Milestones were delayed and rescheduled until establishment of a new Regulatory Commission: Milestones M1.5: Donor coordination on tariff regulation, M1.6: Assets evaluation methodology developed as prerequisite for RAB, M1.7: RAB methodology developed for all sub-sectors, M1.14: New regulatory benchmarking system developed.

Due to GOU instability and liquidation of SEIA, completion of Milestone 4.7, “Budgetary programs prepared to allocate CO2 taxes for support of implementation of LEDS/REDS”, was delayed due to the continued ignoring of official letters from MERP to Ministry of Ecology and Natural Resources and Deputy Head of Ecological Coordination Unit, indicating a lack of interest to cooperate on this issue.

Due to GoU instability and prolonged inability of state officials to participate in the training program on TIMES-Ukraine application and usage, completion of Milestone 4.4, “LEDS/REDS analytical tools applied by two GOU agencies”, has been rescheduled to be completed by December 31, 2014. Milestone 4.5 “Road Map developed and LCP Directive focal point appointed” is in abeyance due to the Ministry of Energy and Coal Industry unwillingness to cooperate with MERP on any issues.

Municipal level:

SEAP development and approval process (Task 2.2) was delayed for two months in the cities of Kherson, Kramatorsk, and Zaporizhzhia; these cities are located close to the active military zone of pro-Russian separatists. It is expected that these cities will accomplish their SEAPs by the end of calendar year 2014. Milestone M2.5, “SEAPs developed in six cities”, was partially met (entire completion is scheduled by end of December 2014) and Milestone M2.11, “PPP opportunities identified”, was rescheduled for completion by end of December 2014.

E. PROBLEMS

National level:

Most problems are related to the overall unstable social and political situation in Ukraine. Eastern Ukraine has been invaded by Russia resulting in a state of war in extreme Eastern Ukraine. During the last three quarters of FY2014 there have been a number of significant political and social events that have caused continual political instability in all of the GOU counterparts that USAID MERP assists. These events include:

- In February, the then President fled to Russia in middle of the night, leaving the country without leadership;
- In March, Russia illegally seized and then annexed Crimea, creating great instability throughout Ukrainian government and society;
- The entire cabinet resigned, resulting in the loss of all ministerial management and the inability of ministries and state agencies to make decisions required to accomplish MERP milestones;
- Presidential elections were held and a new President was installed in office;
- Ministers and Directors of State Agencies, and indeed entire State Agencies, continued to be dismissed and slowly replaced, which required that the new management (decision makers) had to be fully informed and assisted with learning about MERP;
- In August, the Rada was unable to conduct business and the President dismissed the Rada and called snap Rada elections for October 26;
- Campaigning for Rada positions occupied most decision making government and municipal counterparts of MERP throughout the entire month of September.

Despite the huge disruption and dysfunctionality of the GOU, Ministries, and State Agencies upon whose actions many MERP activities and accomplishments are dependent, MERP continued to work with good effect through cooperating ministries, working groups, and Rada Committees.

On August 27, the President of Ukraine dissolved the National Communal Services Regulatory Commission and the National Energy Regulatory Commission through issuance of Decrees 692 and 693. Simultaneously, he issued Decrees 694 and 695 thereby establishing a new National Energy and Communal Services Regulatory Commission and appointing new commissioners to the new Regulatory Commission. Legal analysis of MERP demonstrated that liquidation of the two regulators was made with lack of transparency, serious violation of Ukrainian legislation, and contradiction with EU Energy Community requirements and international best practices on independence of regulatory bodies. It is important that USAID supports continuity of Tariff and Regulatory Reforms and initiates a meeting with the new Regulatory Commission.

On September 15, the Cabinet of Ministers published its Order 442, “On Administrative Improvements of National Government Institutions”. By this Order, the State Environmental Investment Agency (SEIA) was liquidated. Its functions were transferred to the Ministry of Environment. Therefore, most of the operations and work on LEDS-REDS has been stopped due to very limited availability of staff. SEIA was an important partner of MERP on LEDS-REDS working on Climate Change Strategy, improvement of National GHG Emission System, and MRV. It is important that USAID supports continuity of LEDS-REDS assistance and initiates a meeting with the Minister of Environment.

Due to permanent restructuring of the GOU and SEIA, a so called “Saturday Paper” was issued in September by an International Expert Review Team, which means that its review indicated that the National GHG Inventory System needs to be improved and is not in compliance with Kyoto Protocol reporting requirements. MERP will provide expert support to the National Center of GHG Inventory System for providing responses to the concerns expressed by the Expert Review Team.

Local level:

Eastern Ukraine experienced many isolated occurrences of mild to extremely violent social unrest, generally associated with pro-Russian separatist demonstrations and military aggression of Russia and pro-Russian terrorists. This caused delay of energy audits and SEAP assistance in several East and South Ukraine cities. Due to the bad security situation in Kramatorsk, MERP issued a stop-order directive for sub-contract with local RTC ECOSYS to suspend its consulting activities in this city.

F. PLANS

Under Activity 1, the following activities are planned for Quarter 5 of the Project:

- Assist GOU High Level Working Group lead by VPM on implementation of GOU reform agenda on EE and RE
- Provide regular assistance to the MinRegion Expert Groups related to initiation and development of legal and regulatory documents on municipal EE
- Assist MinRegion in implementation of Comprehensive Action Plan of substitution of natural gas by local alternative fuels
- Strengthen donor coordination on municipal EE and RE reforms with support of e-based donor coordination platform
- In coordination with EU and EBRD, support MinRegion in adoption of Draft Law on Energy Efficiency in Buildings by the Rada
- In coordination with IFC, support adoption of HOAs legislation in the Rada
- In coordination with public platform “Reanimation Package of Reforms” and MinRegion update Draft Law on Metering
- Assist MinEconomy and SAEE in developing enforcement documentation and training on Energy Management Standard ISO 50001
- Assist MinRegion in finalizing and approving Standard on Energy Audit of Buildings
- In coordination with WB/SIDA and EBRD, assist NCSRC on improvement of investment methodology (simplification of methodology considering affordability of tariffs)
- Develop recommendations on introduction of the two-tier tariff models for centralized water supply and wastewater removal based on analysis of leading experience of OECD countries
- Enhance coordination on social protection of low-income consumers with WB team and GOU working groups on social protection
- Provide assistance and capacity building support to new Regulatory Commission on key regulatory principles and to establish organizational structure in accordance with best international principles;
- Assist new Regulatory Commission on adoption of the Draft Concept of Quality of Communal Services and set up monitoring system of Quality of Services;
- Assist new Regulatory Commission on improvement of its independence by developing and approving legal framework on Regulatory Commission;
- Assist new Regulatory Commission in training seminars for nine Regional Offices and utilities to build capacity for applying regulatory accounting and reporting (as enacted by the Commission in December 2013) according to the agreed training curriculum;

Under Activity 2, the following activities are planned for Quarter 5 of the Project:

- Review of IFIs portfolios for selection of second group of partner cities
- Develop activity plan for each partner city and agree it with the city authorities
- Conduct third training seminar for first group of cities on SEAPs investment programs
- Assist first group of partner cities in getting political approval of developed SEAPs
- Identify investment opportunities in each of partner cities from first group and present them to IFIs, commercial banks and investors
- Train partner cities and their municipal utilities on energy management cycle which includes: energy audit, monitoring and baseline definition, analysis of energy consumption, preparation of energy plans, and implementation of EE measures
- Conduct monitoring of utilization rate of USAD DCA with Bank Lviv and provide recommendations on its improvement
- Assist USAID in preliminary financial and risks analysis of pre-selected bank (s) for new DCA
- Analyze partner cities needs in establishment of ESCO/EPC
- Establish regular coordination on PR activities with MinRegion PR WG, donors, GOU Committee of Reforms, CabMin, and USAID OTI
- Hold periodic Working Group Meetings on Communication Issues to adjust information strategy and assure its successful implementation in the cities.
- Assure multifaceted public awareness campaign on EE/alternative energy through development as well as distribution/promotion of targeted information materials in MERP partner cities
- Support of partners' web sites and dissemination of best practices

Under Activity 3, the following activities are planned for Quarter 5 of the project:

- Issue request for applications (RFA) for grants.
- Based on RFA select local NGOs and issue sub-grants to implement projects in EE and RE areas.
- Develop and agree with USAID transitioning plan for a local NGO from sub-award to direct USAID funding.
- Conduct technical skills and capacity improvement.
- Monitor and evaluate organizational/NGOs progress against the CBP parameters. Provide in-depth guidance, training, and consulting in selected areas.

Under Activity 4, the following activities are planned for Quarter 5 of the project:

- Provide technical, advisory and dissemination and public awareness support for updating and adopting 6th National Climate Change Communication and First Biannual Report of Ukraine

- Provide recommendations on Work Function Section of uniform database.
- Build institutional capacities on LEDS policy planning and implementation of LEDS inter-agency and intra-agency working groups in the Ministry of Economic Development and Trade (MEDT), State Environmental Investment Agency (SEIA), State Agency for Energy Efficiency (SAEE) and broader stakeholders.
- Support National GHG Inventory System Enhancement Plan implementation and updates, is needed.
- Build local technical capacity of the GOU ministries on LEDS analytical tool TIMES-Ukraine

ATTACHMENT 1

During the reporting period the Project implementation was based on approved Municipal Energy Reform Project Work Plan for Project Year One, which is provided here as ATTACHMENT 1.

The Work Plan covers all Activities and Tasks of the Project. The right hand column headed, “Milestones” lists all Project milestones scheduled to be accomplished in Year One.



USAID
FROM THE AMERICAN PEOPLE

MUNICIPAL ENERGY REFORM IN UKRAINE

MUNICIPAL ENERGY REFORM PROJECT WORK PLAN FOR PROJECT YEAR ONE

December 12, 2013

This document was produced for review by the United States Agency for International Development.
It was prepared by IRG.

YEAR 1 WORK PLAN NARRATIVE

OVERALL APPROACH

The objective of the project is to enhance Ukraine's energy security by implementing municipal energy reform with a focus on CE, EE, and GHG emissions reduction. The Year 1 project activities will build a basis for successful implementation of municipal energy reforms.

Under **Activity 1**, our support to the GOU and the Rada will contribute to the legal and regulatory changes needed to succeed with reform measures and meet EU Energy Community Treaty requirements. We will establish advanced donor coordination protocol to ensure synergy of donors' efforts in municipal energy reforms.

Our legal experts from JurEnergio will conduct legal and regulatory assessments to identify progress of draft legislation/regulation developed by the GOU on municipal energy efficiency and renewable energy. Based on the results of the assessments, JurEnergio and IRG will develop legislation and other legal framework aspects to introduce Energy Performance in Buildings in accordance with EU Energy Performance of Buildings Directive (EPBD) 2, mandatory metering, EPC/ESCOs and other legislation to improve end-use energy efficiency and reduce GHG emissions.

It is expected that MERP will assist MinRegion and State Agency for Energy Efficiency (SAEE) in developing two energy standards during the first project year: one on energy audit and another on energy management (based on ISO 50001).

We will support the National Commission on Communal Services Market Regulation (NCCSMR) to introduce incentive tariff regulations. During the first year, our experts will work with NCCSMR on regulatory accounting and evaluation of assets of municipal utilities that are a pre-requisite for incentive regulation. Our experts will assist NCCSMR in design of software for tariff regulation and benchmarking of municipal utilities, design social safety nets that combine targeting of subsidies to conserve public funding, incorporate energy efficiency to contain consumption, and use means-testing and social surveys to ascertain ability and willingness to pay (as well as other critical consumer views). This work will be conducted in close coordination with SIDA/WB technical assistance project.

Under **Activity 2**, the IRG team will introduce strategic energy action planning in compliance with European Covenant of Mayors (CoM). Our work in the cities will start with development of a cooperation strategy with IFIs. The city selection process will be conducted in close coordination with USAID. We will ensure that MERP partner cities are selected in accordance with IFIs lending strategies/portfolio.

The MERP will use EnEffect MODEL planning methodology, which is recognized by CoM, for Sustainable Energy Action Plans (SEAPs). We will extend municipal energy information systems (MEIS) for CO2 inventory and development of emission reduction scenarios for the partner cities. Our experts will link the national level assumptions used by TIMES-Ukraine modeling with SEAPs. Also in Year 1, the Regional Training Centers (RTCs) established under MHRP will assist in SEAP preparation for six cities.

The MERP team will pursue traditional financing sources as well as carbon credit sales and EE investment/savings accounts to provide tailored financing for municipal infrastructure investments. Our team will establish close cooperation with IFIs to support their programs with cities. Our experts will assist cities/utilities in establishment of PIUs and preparation of tender documents/technical specifications in accordance with the best international practices.

We will cooperate with commercial banks (starting with Bank Lviv that signed a DCA agreement with USAID in October 2013) and train them on CE/EE projects and use of USAID's DCA Loan Guarantee.

Education and outreach are critical to all tasks. From inception of the project, the MERP team will work to better inform all levels of society – from the GOU to the Rada, from energy professionals to consumers, from academia to the media. Our experts will create and deliver targeted messages to educate and advocate for reform in the selected municipalities.

Activity 3 focuses on capacity building of NGOs and government entities to ensure sustainability of project results and meeting USAID Forward goals. The MERP team, in close coordination with USAID, will select candidates and implement Organizational Capacity Assessments (OCAs) for those organizations and for pre-selected local partners. We will train them in key areas identified in their OCAT to ensure they meet USAID eligibility criteria for direct awards.

USAID initiated G2G cooperation in Ukraine. Based on the results of G2G feasibility study and USAID instructions, the MERP will select a government organization(s) for further capacity building and development of procedures for G2G grants.

Activity 4 focuses on EC-LEDs to support GCC initiatives and GHG emissions reduction. The project experts will assist the GOU in meeting LEDs milestones such as establishment of interagency coordination unit on LEDs/REDS and developing Work Plan for LEDs/REDS implementation.

Based on the achievement of these milestones, MERP will assist GOU working groups on LEDs/REDS. It is expected that during Year 1, IRG and sub-contractor CCS will provide capacity building on LEDs/REDS for two sectors. Sub-contractor IEEC experts will work on improvement of the GHG National Inventory to ensure that it is functioning in accordance with IPCC requirements. Sub-contractor DWG will assist two sectorial working groups on the TIMES-Ukraine modeling tool that will be used for GHG emissions forecasting. We will coordinate our assistance with donors and establish a LEDs-REDS web-portal.

RESULTS, TARGETS, MILESTONES, AND DELIVERABLES

Expected results are shown in the Performance Monitoring Plan. The MERP milestones and deliverables to be achieved through implementation of Year 1 project activities are summarized in the Work Plan table, following this Narrative. The most critical milestones for Year 1 are:

- Development of key CE/EE legislation and regulations consistent with the USAID Mission Country Strategy, GCC Indicators, and EU Energy Community Treaty
- Development of local capacity (i.e., government, business, and NGOs) in accordance with new energy management standards
- A robust energy planning (i.e., SEAPs) and modeling capability with implementation in six municipalities in Year 1
- Supported provided to PIUs of IFIs projects in 6 cities
- A targeted outreach and public awareness program in 6 municipalities in Year 1 to support preparation of SEAPs and CE/EE investment projects

- Meeting two LEDS/REDS milestones: establishment of interagency coordination on LEDS/REDS and developing the Work Plan for LEDS/REDS
- Improve GHG National Inventory
- Capacity built on GHG planning (TIMES-Ukraine) and modeling capability with two GOU entities.

TIMELINE

MERP is a four-year contract that officially began on September 27, 2013. The timeline is presented in our Year 1 Gantt chart, found in this section following the Work Plan table (see page 79), which delineates a timeline of activities, milestones, deliverables, and expected results.

VER: 4

DECEMBER 12, 2013

Inception and Mobilization Phase Activities

Success of Inception and Mobilization Phase will be measured by fully operational Project able to perform Project Tasks and achieve required results

Activities	Lead	Support	Implementation Dates	Outputs / Deliverables / Results	Milestone / Comments
Mobilization of project team: preparation of job responsibilities and agreements	IRG	Partners	October 1-10, 2013	Start-up Project team fully engaged.	
Selection of the project office. Preparation and signature of lease agreement	IRG	Partners	October 1-15, 2013	Office established	
Meetings with the partners and agreement on the terms of cooperation and work schedule	IRG	Partners	October 1 – 15, 2013	Meetings conducted. MOUs and Support letters prepared.	
Updated work plan for Y1 and PMP prepared and submitted to USAID COR	IRG	Partners	October 1 – 30, 2013	Draft WP and PMP submitted to USAID	
Project kick-off conference organized with the GOU representatives, cities, energy professionals, and NGOs	IRG	Partners	November 1-15, 2013	Kick-off meeting conducted.	
Signature of MOUs	IRG	Partners	November 1-30, 2013	MOUs signed and submitted to Ministry of Economy.	
Project registration	IRG	Partners	December 1 – 30, 2013	Project is registered and operational	<ul style="list-style-type: none"> Project is fully operational

Activity 1: Improve Clean Energy Regulatory And Legislative Enabling Environment

Expected results: Critical reform legislation is developed and supported by key stakeholders; Overall clean energy enabling environment is improved; The National Utility Regulation Commission's capacity for effective, transparent and socially-responsible regulation is improved; Cost-reflective, incentive-based tariff regulation is applied in

Ukraine; Adverse effect of tariff increases on vulnerable population is mitigated; Cost recovery ratio in heat tariffs is improved					
Task Activities	Lead	Support	Implementation Dates	Outcomes / Deliverables / Results	Milestone / Comments
Task 1.1 Developing Enabling Legislative and Policy Environment	IRG	Consultants, Partners	Quarters 1, 2, 3, 4	Passage of key draft laws and sub-laws needed for MER implementation; Donor coordination platform improved and supportive to reforms	Key legislation/regulations drafted and presented to key stakeholders
Meeting Presidential Center of Economic Reforms to discuss establishment/upgrade of high-level GOU WG on municipal energy reform	IRG	MDI, JurEnerg	October 15-30, 2013	Minutes of meetings; presentation materials; protocol with recommendations on upgrade of high-level GOU WG related to municipal reform	
Assess current status of CE/EE legislation and prepare proposals to the GOU Annual Plans for legislation/regulation development	IRG	JurEnerg, MDI	October 15-December 30, 2013	Assessment report, proposals to the GOU Annual Plan	<ul style="list-style-type: none"> M1.1: Key Priority list of CE/EE legislation/regulations established (based on the assessment results, MERP will define a priority list of legislation to be developed or amended)
Establish and support mid-level experts group on development/improvement of specific bills (EE in Buildings, Metering, HOAs, ESCO/EPC, etc.)	IRG	MDI, JurEnerg, Donors, NGOs	October 15, 2013 – January 30, 2014	List of experts for mid-level sub-groups; agenda and materials from expert groups' meetings	
Meet donors and agree on coordination platform: new e-based coordination platform and secretariat	IRG	MDI, JurEnerg	October 1, 2013 – January 30, 2014	Established e-based/share-point platform to facilitate/manage coordination; minutes of donor meetings	<ul style="list-style-type: none"> M1.2: Advanced donor coordination established
Prepare draft legislation/regulations and discuss them with key stakeholders	IRG	JurEnerg, MDI	January 1, 2014 – May 30, 2014	Draft legislation/regulations documents (such as EE in Buildings, Metering, HOAs, ESCO/EPC, etc); minutes of meetings with key stakeholders and donors	
Monitoring, developing and promoting changes to legislation on HOAs	IRG	MDI	January 1, 2014 – July 30, 2014	Monitoring reports, comments on draft laws and sub-laws on HOAs	
Organize presentations and public discussions of the draft legislation/regulations with industry	IRG	MDI, JurEnerg	June 1, 2014 – September 30,	Presentation materials; minutes of meetings; recommendations to the draft legislation/regulations	

specialists, associations, and NGOs			2014		
Organize presentations and experts' support to the Rada Committees	IRG	JurEnerg, MDI	June 1, 2014 – September 30, 2014	Presentation materials; minutes of meetings; recommendations to the draft legislation/regulations	<ul style="list-style-type: none"> • M 1.3: Key draft legislation/regulations developed
Task 1.2 Supporting Energy Efficiency Standards	IRG	Consultants, Partners	Quarters 1, 2, 3, 4	Preparation and passage of key standards; Improved capacity of GOU entities to develop and enforce new standards and norms	First part of energy standards prepared and approved
Establish WG with MinRegion and SAEЕ on development of energy standards	IRG	ENSI, SRIBC, JurEnerg	October 15 – December 30, 2013	MinRegion/SAEE order on establishment of WG	
Review current status of implementation of National Plan for Energy Standards	IRG	ENSI, SRIBC, JurEnerg	October 30, 2013 – January 30, 2014	Agreed list of 6 standards to be developed with Project assistance	
Draft first standard on energy audit based on EU norms	IRG	ENSI, SRIBC, JurEnerg	January 1 – July 30, 2014	Draft Standard prepared and discussed with key stakeholders	
Conduct a gap analysis to compare ISO50001 requirements with Ukrainian norms/practices on energy management	IRG	ENSI, STTAs	January 1 – March 30, 2014	Gap Analysis with recommendations	
Prepare draft standard on Energy Management and will present it for consideration of SAEЕ WG	IRG	ENSI, STTAs	April 1 – September 30, 2014	Draft standard on energy management	<ul style="list-style-type: none"> • M 1.4: Energy Audit Standard and Energy Management Standard developed
Task 1.3 Improving Tariff Setting	IRG	Consultants, Partners	Quarters 1, 2, 3, 4	Approval of new incentive-based tariffs; Commission ensuring quality and accessibility of communal services for end users; Best practices Cost of Service concept and methodology introduced and implemented; eliminate inappropriate customer-class cross-subsidies	Establish pre-requisite basis for introduction of incentive based tariffs
Establish on-going coordination with SIDA/WB technical assistance project	IRG	MDI	December 15, 2013 – January 30, 2014	Coordination protocol developed and signed. Concrete coordination mechanisms are identified and agreed upon.	<ul style="list-style-type: none"> • M 1.5: Donor coordination on tariff regulation established. (MERP Work plan activities of Task 1.3 are coordinated and if

					needed adjusted).
Assist the Commission in obtaining political approval of the GOU for enforcement of a Gradual Tariffs Increase Plan	IRG	MDI, STTAs	December 15, 2013 – April 30, 2014	Support documents: assessment and cost benefit analysis	
Ongoing assistance to Commission with developing mechanisms on quality assurance in the new tariff model including identification of key quality indicators, the selection of which will be based on best international practice; accounting for foreign exchange risks in the tariff model (price of imported natural gas) etc.	IRG	MDI, STTAs	January 1 – April 30, 2014	Report on quality assurance in the new tariff model including identification of key quality indicators, accounting for foreign exchange risks in the tariff model (price of imported natural gas).	
Develop and test the service quality system that is linked with tariff setting process. The service quality monitoring system will be developed to ensure national coverage with standardized approaches for conducting data gathering and processing.	IRG	MDI, STTAs	March 1 – July 30, 2014	Quality system developed and tested in 5 pilot utilities	
Provide support in methodology development and improvement, which will include developing the methodology for regulatory assets evaluation and reflecting in utilities' accounting and taxation systems.	IRG	MDI, STTAs	February 1 – August 15, 2014	Methodology for evaluation of assets developed	<ul style="list-style-type: none"> • M 1.6: Assets evaluation methodology developed as prerequisite for RAB
Provide support in development of a methodology for incorporation of social standards of service provision into the system of state regulation of prices, which will ensure social protection of low income households and vulnerable groups.	IRG	MDI, STTAs	February 1 – August 30, 2014	Methodology on social standards developed	
Extend RAB methodology to the production and distribution areas for all communal services regulated by the Commission	IRG	MDI, STTAs	February 1 – September 30, 2014	Draft legal changes developed. Draft methodology for production and distribution areas developed.	<ul style="list-style-type: none"> • M 1.7: RAB methodology developed for all sub-sectors

Participate in the GOU WGs to provide impact analysis and economic benefit analysis related to gradual introduction of cost-recovery tariffs to residential consumers	IRG	MDI, STTAs	January 1 – April 30, 2014	Minutes of meetings, presentations, recommendations	
Evaluate risks while using stimulating methods of tariff regulation, and also in performance of cost benefit analysis	IRG	JurEnerg	January 1 – May 30, 2014	Analytical Report, proposals to the GOU	
Organize educational and advocacy campaigns with civil society organizations on cost-recovery tariffs	IRG	MDI, OPORA	February 1 – September 30, 2014	Public is well informed about the benefits of tariffs reforms: minutes of meetings, agenda of conferences, focus groups.	
Task 1.4 Improving Social Safety Net Policies	IRG	Consultants, Partners	Quarters 1, 2, 3, 4	Better transparency of energy subsidies: direct/targeted/means-tested/monetized; Better protection for the poor and efficiency adoption among low-income end user	Assistance provided to the GOU on new approach to the social safety nets
Cooperate with the Presidential Center of Economic Reforms and GOU WGs to incorporate new regulation on social protection into Annual Plans of the Presidential Program of Economic Reforms	IRG	MDI, STTAs	November 1 – December 30, 2013	Minutes of meetings, proposals for the GOU Annual Plan incorporated social protection issues	
Prepare an assessment on current status of GOU actions to incorporate MHRP recommendations on social safety nets improvements	IRG	MDI, STTAs	January 1 – January 30, 2014	Assessment Report with analysis of GOU actions to incorporate MHRP recommendations on social safety nets improvement.	
Cooperate with the WB social assistance team on coordinated strategy for improvement of social protection of low-income customers	IRG	MDI, STTAs	January 1 – February 28, 2014	Coordination strategy developed; minutes of meetings; analysis and proposals	
Work with the Ministry of Social Policy in order to get buy-in improvement of social safety nets for low-income consumers	IRG	MDI, STTAs	February 1 – April 30, 2014	Minutes of meetings; MOU and Action Plan; proposals and recommendations on improvement of social safety nets	<ul style="list-style-type: none"> M 1.8: Priority list of legislation-regulations on improvement of social assistance agreed with GOU
In coordination with WB social assistance team prepare proposals for changing current system of privileges	IRG	MDI, STTAs	March 1 – August 30, 2014	Report with proposals/draft legislations on changes to the system of privileges	
In coordination with WB social assistance team	IRG	MDI, STTAs	March 1 – August	Report with proposals/draft legislations on	

prepare proposals for improving current system of subsidies			30, 2014	improvement of subsidies	
In coordination with NCCSMR, develop and prepare social and economic justification of the norms of consumption of communal services to support introduction of cost-recovery tariffs	IRG	MDI, STTAs	April 1 – September 30, 2014	Report on social and economic justification of the norms of consumption of communal services.	
Prepare proposals to the Ministry of Social Policy on institutionalizing MHRP experience in pilot cities on financing EE measures in low-income families	IRG	MDI, STTAs	May 1 – September 30, 2014	Report with proposals/ draft regulations for stimulating EE in low-income families	
Engage civil society organizations, such as OPORA and MAMA 86, to facilitate the consideration and movement of legislation/regulation through the Rada	IRG	MDI, OPORA, MAMA 86	March 1 – September 30, 2014	Support organized for new social assistance system: presentations, round tables, focus groups	<ul style="list-style-type: none"> • M 1.9: New approach for social protection of low-income consumers agreed with stakeholders
Task 1.5 Regulatory Information System Development	IRG	Consultants, Partners	Quarters 1, 2, 3, 4	Established and operational Regulatory Information Management System by Year 3	System functionalities defined and procurement documents prepared
Establish WG with the Commission on RIMS	IRG	MDI, STTAs	December 15, 2013 – January 30, 2014	WG and cooperation protocol established	
Review system requirements developed under MHRP: identifying key functionalities; system framework; a list of software or modules that shall be part of the system and their purpose and main functions	IRG	MDI, STTAs	January 1 – March 30, 2014	Key system requirements agreed	
Develop detailed requirements for each module; and detailed requirements for hardware	IRG	MDI, STTAs	January 1 – April 30, 2014	Detailed requirements developed and agreed	<ul style="list-style-type: none"> • M1.10: System functionalities developed and agreed
Assist the Commission in preparing specifications and tender requirements for software development	IRG	MDI, STTAs	April 30, August 30, 2014	Specifications and tender requirements prepared	
Provide technical assistance for analysis of available options and technical solutions, developing a requirements list, and tendering	IRG	MDI, STTAs	April 30 – September 30, 2014	Technical analysis conducted. Tender documents prepared	<ul style="list-style-type: none"> • M 1.11: Tender documents prepared for both software and

					hardware
Task 1.6 Developing Utility Benchmarking	IRG	Consultants, Partners	Quarters 1, 2, 3, 4	Validation of key performance indicators; Commission able to objectively inform consumers of each utilities' performance to ensure transparency and educate consumers; Commission be able to establish industry best average for municipal utilities and will introduce incentives/penalties	Basis for uniform regulatory accounting and reporting developed
Provide assistance and capacity building support to the Commission to develop standardized accounting and reporting procedures and forms and facilitate their use by all utilities	IRG	MDI, STTAs	January 1 – March 30, 2014	Documents with standardized accounting and reporting procedures and forms	
Assist the Commission in training seminars for nine Regional Offices and utilities to build capacity for applying new Regulatory Accounting Principles	IRG	MDI, STTAs	January 1 – March 30, 2014	Training materials, presentations, list of participants, training organized and presented for utilities	<ul style="list-style-type: none"> • M 1.12: New regulatory accounting principles taught to utilities
Assist 10 pilot utilities in applying new accounting rules	IRG	MDI, STTAs	January 1 – May 30, 2014	Memos, notes, recommendations of consultants	<ul style="list-style-type: none"> • M 1.13: 10 utilities trained to properly implement accounting rules
Develop a methodology for conducting benchmarking for identification of quality of utility supply services that are provided by DH utilities and associated penalties and bonuses system based on the quality provided.	IRG	MDI, STTAs	February 1 – June 30, 2014	Recommendations on the choice of methods (combination of methods) and parameters that have to be used for conducting benchmarking.	
Training seminars for the Commission and its nine Regional Offices to build capacity of utilities for reporting benchmarking indicators and related data	IRG	MDI, STTAs	March 1 – July 30, 2014	Training materials, presentations, list of participants, training organized and presented for utilities	
Conduct calculations for defining the quality of heat services using the data, which will be provided by NCCSMR or pilot utilities.	IRG	MDI, STTAs	March 1 – July 30, 2014	Report on lessons learnt from performing calculations for defining the quality of services using the data, which will be provided by the national regulator and pilot utilities.	

Prepare report on the proposed system of service quality benchmarking and conduct fully inclusive workshops for NCCSMR staff on public rulemaking procedures for NCCSMR, utility companies, and customers to educate all stakeholders about customer service contracts and to finalize the language and clauses of the contracts.	IRG	MDI, STTAs	March 1 – August 30, 2014	Report on system of benchmarking and its presentation to stakeholders	
Assisting the Commission in monitoring and data collection from utilities to ensure compliance of utilities with new regulatory principles and accurate data collection and reporting	IRG	MDI, STTAs	March 1 – September 30, 2014	Monitoring reports, analysis of data, recommendations	<ul style="list-style-type: none"> M 1.14: New regulatory benchmarking system developed
Task 1.7 Capacity Building	IRG	Consultants, Partners	Quarters 1, 2, 3, 4	High regulatory standards of the Commission developed; 'case-study' curriculum developed, as well as Commission training of utility staffs; support documents to be used by MinRegion for supervision of IFI investments in CE/EE projects	Commission improved internal capacity and established international contacts; MinRegion improved ability to manage international projects
Assess Training needs of the Commission Head Quarter and 9 regional offices	IRG	MDI, STTAs	November 1, 2013 – January 30, 2014	Memo on training needs	
Agree with the Commission on the areas of capacity building for regional offices	IRG	MDI, STTAs	January 1 – February 20, 2014	List of areas for capacity building of the Commission and its regional offices	<ul style="list-style-type: none"> M 1.15: Basic training needs for the Commission determined (Based on the outcome of this the training curriculum will be developed)
Prepare training curriculum for capacity building seminars to the Commission and its regional offices	IRG	MDI, STTAs	February 20 – April 30, 2014	Training curriculum prepared	
Conduct 2 training seminars for regional offices on key functions; organization support; transparency; consumer protection; and assuring quality of municipal services	IRG	MDI, STTAs	May 1 – July 30, 2014	Training materials; presentations, and recommendations	<ul style="list-style-type: none"> M 1.16: Capacity of regional offices improved
Assess Training needs of the MinRegion and	IRG	JurEnergo,	November 1, 2013	Memo on training needs	

Project Implementation Units on capacity building for management of international energy efficiency projects financed by IFIs		STTAs	– January 30, 2014		
Agree with the MinRegion on the areas of capacity building for management of international energy efficiency projects	IRG	JurEnerg, STTAs	January 1 – February 20, 2014	List of areas for capacity building of the MinRegion and PIUs	<ul style="list-style-type: none"> M 1.17: Basic training needs for the MinRegion determined (Based on the outcome of this the training curriculum will be developed)
Prepare training curriculum for capacity building seminars of the MinRegion and PIUs	IRG	JurEnerg, STTAs	February 20 – April 30, 2014	Training curriculum prepared	
Conduct 2 training seminars for MinRegion representatives on procedures of international procurement, monitoring etc	IRG	JurEnerg	May 1 – July 30, 2014	Training materials; presentations, and recommendations	<ul style="list-style-type: none"> M 1.18: Capacity of MinRegion improved
Provide assistance to employees of MinRegion and Project Implementation Units on issues of international procurement, procedures of preparation and approval of international projects, control of their implementation	IRG	JurEnerg, STTAs	May 1 – September 30, 2014	Memo with recommendations	
Assist the Commission to participate as an associate member in international associations of regulators (ERRA – European dimension and NARUC world dimension)	IRG	ERRA, NARUC	May 1 – September 30, 2014	Contacts established; membership ensured; support to participation provided	<ul style="list-style-type: none"> M 1.19: Commission integrated in international cooperation with NARUC/ERRA

Activity 2: Promote Investment In Clean Energy Technologies And Applications

Expected results: Local governments' capacity to develop and implement low emission development plans enhanced; Municipal managers access financial resources to implement clean energy and energy savings projects; Municipal capacity to develop and implement clean energy investment project is improved; USAID clean energy funding is leveraged at least 1:20 by other donors, government entities and private investors; GHG emissions decrease (per year and projected from baseline) as a result of USG-assisted clean energy projects

Task Activities	Lead	Support	Completion Dates	Outcomes / Deliverables / Results	Milestone / Comments
Task 2.1 Developing cooperation strategies	IRG	Consultants, Partners	Quarters 1, 2, 3, 4	Selection methodology developed and approved by USAID/IFIs; MOUs signed with eight 'quick start' municipalities to participate in MERP; MOUs signed with seven additional municipalities to	Selection of cities conducted. IFIs buy-in to the selection process.

				participate in MERP; IFIs concur that they are ready to invest in projects in those cities	
Conduct assessment of all current IFI programs/investments in municipalities and municipal utilities	IRG	MDI	October 15 – December 30, 2013	Assessment report on IFIs programs	
Evaluate performance of MHR Project municipalities with respect to implementation of their MEPs	IRG	RTCs	October 20, 2013 – January 30, 2014	Assessment report on MHRP cities	
Review and update MHR Project city selection criteria/strategy	IRG	EnEffect, AUC	November 1, 2013 – January 15, 2014	Updated selection criteria/strategy;	
Coordinate with IFIs selection strategy to ensure their buy-in to the selection process and willingness to invest	IRG	EnEffect	November 1, 2013 – January 20, 2014	Concurrence of IFIs and concurrence of USAID	<ul style="list-style-type: none"> • M 2.1: Coordination strategy for cities selection developed
Conduct selection of the 'quick start' group of six cities	IRG	EnEffect, AUC	January 1 – 30, 2014	Selection memo submitted to USAID	
Prepare MOUs with the selected cities with clear definitions of roles and responsibilities	IRG	EnEffect	February 1 – February 15, 2014	MOUs prepared and signed	<ul style="list-style-type: none"> • M 2.2: Cities and IFIs engaged in cooperation
Task 2.2 Assisting Municipalities with Planning, Preparing and Financing for Clean Energy Projects	IRG	Consultants, Partners	Quarters 1, 2, 3, 4	Assist cities in development of 15 SEAPs and energy management systems; Leverage project funds by 1:20 ratio; attract IFIs financing (at least USD 200 million); building additional Ukrainian expertise and experience in energy auditing, SEAP assistance, and related CE/EE skills; Build sustainable Ukrainian financial knowledge and expertise through practical training on preparation of pre-feasibility studies and business plans.	Municipalities trained on SEAPs. SEAPs developed and implementation started. Capacity built on preparation of investments proposals
Conduct needs assessment and consultations with the Covenant of Mayors and European Commission on SEAPs in Ukraine	IRG	EnEffect	January 1 – February 20, 2014	Report on needs assessment. Cooperation protocol established.	<ul style="list-style-type: none"> • M 2.3: SEAP needs in Ukraine identified
Update SEAP methodology to Ukrainian conditions (based on MHRP MEP MODEL methodology)	IRG	EnEffect	January 1 – February 20, 2014	Ukrainian SEAP manual developed	

Organize introduction seminar on SEAPs (MODEL) for first group of selected cities	IRG	RTCs, EnEffect	January 15 – February 28, 2014	Agenda, seminar materials, list of participants	
Assist cities in establishing City Advisory Committees and expert WGs for SEAPs development	IRG	RTCs, EnEffect	January 15 – March 30, 2014	Recommendations on Advisory Committee setup, minutes of meetings	
Harmonize the input data to the “MODEL” methodology, provide Ukraine-specific data from the TIMES-Ukraine national planning model	IRG	EnEffect, GWH	January 15 – April 30, 2014	Agreed list of assumptions for modeling at the local and national levels	
Transfer the Municipal Energy Information System to the cities and will train city staffs on its use	IRG	EnEffect, RTCs	January 15 – April 30, 2014	MEIS transferred to the cities and operational (including GHG emission reduction).	
Prepare recommendations and provide assistance to selected cities with improving energy management and monitoring systems, including data collection and analysis, and methodologies for CO2 emission calculation.	IRG	RTCs, EnEffect MDI	January 15 – May 30, 2014	Recommendations on improving energy management and monitoring systems, including data collection and analysis, and methodologies for CO2 emission calculation provided to selected cities	
Conduct energy audits in the cities to evaluate current baselines and estimate potential for EE/CE/GHG emission reduction projects for key municipal service areas	IRG	OptimEnergo, Arnika, RTCs	January 15 – August 30, 2014	Energy audits conducted. EA reports prepared. Baselines and energy efficiency opportunities defined	<ul style="list-style-type: none"> • M 2.4: Energy audits conducted
Compile a comprehensive database for each participating city, including characterizations of multi-dwelling and public buildings, their historical energy use, energy producers and their transmission systems	IRG	RTCs, EnEffect	April 15 – August 30, 2014	Data included in MEIS. Energy balances prepared.	
Prepare SEAPs and present to key stakeholders	IRG	RTCs, EnEffect	March 1 – September 30, 2014	SEAPs documents and attachments (i.e. investment programs)	<ul style="list-style-type: none"> • M 2.5: SEAPs developed
Engage local civil society organizations in SEAPs review and discussion	IRG	OPORA	March 1 – September 30, 2014	Minutes of public meetings and discussions	
Provide methodological support to 5 Condominium Resource Centers established	IRG	MDI	March 15 – September 30,	5 Condominium Resource Centers converted into	

with USAID assistance to transfer those Condominium Resource Centers into Clean Energy Advisory Centers and extend their consultancy focus.			2014	Clean Energy Resource Centers	
Assist in approval of SEAPs by the city councils	IRG	RTCs	Year 2	Presentation materials	<ul style="list-style-type: none"> SEAPs approved for first group of cities
Cooperate with IFIs identifying investments that are already underway or in the pipeline	IRG	MDI	January 15 – March 30, 2014	Memo on IFIs priorities in each of the partner cities	
Provide assistance and capacity building to PIUs on international procurement	IRG	OptimEnergo, ARNIKA	March 1 – September 30, 2014	International procurement guidelines, capacity building materials	
Review, update and expand Project Proposal Manual, Solicitation Process and Documents necessary for attraction of investments from IFIs for CE/EE/GHG emissions reduction projects.	IRG	MDI	June 30 – September 30, 2014	Project Proposal Manual, Solicitation Process and Documents necessary for attraction of investments from IFIs for CE/EE/GHG emissions reduction projects prepared	
Train cities on preparation of bankable investment proposals	IRG	MDI	June 30 – September 30, 2014	Training materials, samples of investment proposals	
Task 2.3 Introduction of Energy Management Systems	IRG	Consultants, Partners	Quarters 1, 2, 3, 4	Energy management systems established in 15 partner cities based on ISO 50001 (5 started certification); Energy management and monitoring approach generate 5% savings	Basis for energy management system prepared in first group of cities
Introductory training to partner cities on the energy management cycle and ISO50001 requirements	IRG	OptimEnergo, Arnika	January 15 – February 15, 2014	Training materials. Memo on ISO 50001 requirements and its use by the cities	
Agree with the city management on development of energy management system	IRG	OptimEnergo, Arnika	February 1 – March 30	Advisory Committee established. Energy management functions approved/budgeted by the city councils.	
Assist cities in identifying goals and preparing an energy management policy	IRG	OptimEnergo, Arnika	January 15 – April 30, 2014	Energy Management Policies prepared	
Assist partner cities in preparing energy management documentation, procedures and tools (including IT tools) according to ISO 50001 requirements	IRG	OptimEnergo, Arnika	March 1 – September 30, 2014	Energy management documentation prepared: procedures and tools in accordance with ISO 50001 requirements	<ul style="list-style-type: none"> M 2.6: Energy Management procedures prepared

Task 2.4 Development Credit Authority Loan Guarantee	IRG	Consultants, Partners	Quarters 1, 2, 3, 4	Leverage local bank/lender financing; train at least five banks on the loan guarantee mechanism and at least two banks will participate in the program; Build sustainable Ukrainian financial knowledge and expertise through practical training on preparation of pre-feasibility studies and business plans	Capacity built for local banks on potential DCAs
Conduct assessments of local banks and on-lending programs to identify local partners willing to use DCA Loan Guarantee	IRG	MDI	December 1, 2013 – February 20, 2014	Assessment report presented to USAID	
Review Catalogs of Investment of CE/EE Projects (developed under MHRP) with description of potential borrowers' legal and financial status and submit them to the selected banks	IRG	MDI, RTCs	January 1 – March 30, 2014	Catalogs of CE/EE projects with description of borrowers submitted to the selected banks	
Define assistance needs with Bank Lviv and agree on areas of cooperation	IRG	MDI	January 15 – March 30, 2014	Report with assistance needs	
Conduct training seminar for Bank Lviv to support use of DCA guarantee in the municipal sector for on CE/EE projects	IRG	MDI	April 1 – June 30, 2014	Training materials, descriptions of CE/EE projects	<ul style="list-style-type: none"> • M 2.7: Bank Lviv is well informed about CE/EE projects and borrowers risks
In cooperation with USAID, the Project experts will assist in conducting risk assessment and financial/ creditworthiness analyses of potential borrowers and banks	IRG	MDI, E&Y	May 1 – September 30, 2014	Risk assessment reports and creditworthiness analysis	
Conduct training seminar for new candidate banks (pre-selected for DCA) on CE/EE projects and utility operations	IRG	MDI	July 1 – September 30, 2014	Training materials, descriptions of CE/EE projects	<ul style="list-style-type: none"> • M 2.8: Banks have better understanding of CE/EE projects and benefits of DCA
Task 2.5 Support Mechanisms that Mobilize Private Sector Investment	IRG	Consultants, Partners	Quarters 1, 2, 3, 4	Draft law on ESCO/EPC approved by end of Year 1; Two EPC contracts initiated with support of IFIs or private investors; three concepts on CE/EE projects developed and two procurements initiated; Three public participation discussions organized on PPPs	Basis for private sector participation in CE/EE established

Assist the GOU and Rada in approving a draft law on ESCO/EPC to reduce barriers to private investment in municipal CE/EE projects.	IRG	JurEnergio, Antika	December 1, 2013 – March 30, 2014	Analytical documents, advocacy and legal expertise to the GOU and Rada Committees	<ul style="list-style-type: none"> M 2.9: ESCO/EPC Legal basis improved
Analyze legislative opportunities (as for today or if the legislation is adopted) for implementation of energy efficient projects ESCO, EPC and other PPP forms)	IRG	JurEnergio	December 1, 2013 – March 30, 2014	Analytical documents	
Improve provisions of PPP law, preparation of legal and regulatory acts of local governments, draft agreements, instructions and methodology in this field	IRG	JurEnergio	April 1 – June 30, 2014	Draft of legislation	<ul style="list-style-type: none"> M 2.10: PPP Legal basis improved
Working with IFIs to determine loan requirements and working with international ESCOs to gauge their interest and requirements in engaging Ukrainian ESCOs	IRG	Consultants	April 1 – June 30, 2014	Memo on IFIs loan requirements for ESCOs. Memo on international ESCOs interest and equity investment opportunities	
Develop individual financial models for the cities and conduct risk assessment to propose risk sharing strategies between public and private partners	IRG	Consultants	May 1 – August 30, 2014	Financial models and risks assessment documents	
Provide comprehensive training to the municipalities on PPP tools to build municipality institutional capacity and support private sector financing in the cities	IRG	Consultants	June 1 – September 30, 2014	Training materials on PPPs options	
Assist cities in identifying CE projects, listed in the SEAPs, which could potentially attract private sector participants to invest in PPP	IRG	RTCs	August 30 – September 30, 2014	List of CE/EE projects for PPP opportunities	<ul style="list-style-type: none"> M 2.11: PPP opportunities identified
Task 2.6 Preparation of Sustainable Energy Public Awareness Plan and Development of Related Materials	IRG	Consultants, Partners	Quarters 1, 2, 3, 4	Public info campaigns in all 15 selected municipalities; Public and civil society support to CE/EE measures in the cities; Behavior change that supports energy conservation	Baseline of public support defined. Public information campaign started for behavior change.
Establish a Working Group on Communication Issues to design an information strategy for municipalities and develop a public outreach plan on the national level	IRG	MDI	November 15, 2013 – January 15, 2014	Working group established, meetings conducted	

Develop Information Strategy for municipalities and targeted National Outreach plan	IRG	MDI	January 15 – March 15, 2014	Targeted draft strategy and plan developed	<ul style="list-style-type: none"> M 2.12: Information Strategy and local Information Plans developed
Conduct focus groups to find local “stars” or prominent community activists who will help mobilize civil society support on Clean Energy/Energy Efficiency issues, particularly practical behavior change steps	IRG	MDI	February 1 – April 30, 2014	Focus groups documents, minutes of meetings, questionnaires	<ul style="list-style-type: none"> M 2.13: Focus groups conducted to define baseline knowledge on CE/EE in partner cities
Support City Council Press Offices by offering training workshops and seminars plus one-on-one information sessions with the project’s proven outreach staff	IRG	MDI	February 1 – June 30, 2014	Training materials and presentations	
Work with advertising agencies to develop design of PSAs and outreach materials	IRG		January 1 – March 30	Cooperation established, materials under development	
Provide PSAs materials to the Regional Consulting Centers and Regional Offices of the Association of Ukrainian Cities and Communities in order to target outreach	IRG	MDI	April 1- April 30, 2014	PSAs materials	
Targeted public outreach events for local NGOs, interested associations and the general public will include municipal Energy Efficiency Day, contests on best practices or conservation tips	IRG	MDI, OPORA	April 1 – July 30, 2014	Agenda and list of participants for public events, round tables, contests	
For the media, hold expert energy briefings followed by trainings on the range of story options, from finance to lifestyle	IRG	MDI	May 1 – June 30, 2014	Training materials, briefing materials, press releases	
Targeted outreach to low-income residents and vulnerable groups, in support of Ukraine’s social safety net	IRG	OPORA, MDI	June 1 – September 30, 2014	Targeted outreach materials on social protection and EE in low-income families	

Activity 3: Capacity Building and Dissemination

Expected results: Energy audits, Municipal Energy Plans, and energy management and monitoring are national norms; GOU or local organization has the ability to further develop EE technical standards to meet international standards; Cooperation between municipal governments and the civil society sector is strengthened; Local capacity to implement CE initiatives through direct donor awards is improved; GOU systems to implement CE initiatives through G2G are improved

Task Activities	Lead	Support	Completion Dates	Outcomes / Deliverables / Results	Milestone / Comments
Task 3.1 Preparing a local non-governmental organization for a direct award from USAID	IRG	Consultants, Partners	Quarters 1, 2, 3, 4	Five local NGOs are trained and their operations are improved; Two local NGOs will be eligible to receive direct awards from USAID by the end of Year 2	5 NGOs selected for capacity building. Training provided.
In consultation with USAID, develop selection criteria for local organizations to participate in capacity building processes for certification eligibility	IRG	STTAs	January 1 – January 30, 2014	Selection criteria developed and agreed with USAID	
Identify candidates for certification eligibility media outreach on the project, networking, and targeted communications	IRG	STTAs	January 1 – February 15, 2014	Minutes of meetings, outreach materials	
Organize and present a kickoff meeting for numerous local NGOs to provide information about this opportunity and will issue calls for applications	IRG	E&Y	February 1 – 15, 2014	Kick-off meeting materials	
Analyze applications and conduct selection process	IRG	E&Y	February 1 – February 28, 2014	5 NGOs selected for capacity building	<ul style="list-style-type: none"> M 3.1: Selection of 5 NGOs conducted
Conduct Organizational Capacity Assessment (OCA) that will provide a baseline from which their performance improvement can be measured	IRG	E&Y	March 1 – April 30, 2014 days	OCA scorecard	<ul style="list-style-type: none"> M 3.2: OCA conducted. Training needs identified.
Develop Capacity Building Plan for each of selected NGOs	IRG	STTAs	April 1 – May 30, 2014	Capacity Building Plans developed	
Organize trainings on organizational capacity building (M&E, HR management, fundraising, financial management, strategic planning)	IRG	STTAs	June 1- June 30, 2014	Training materials and documents on M&E, HR, strategic planning, fundraising	
Organize technical skills and capacity improvement (CE, EE, LEDS, strengthen civil society and local governance)	IRG	STTAs	July 1 – August 30, 2014	Training materials on technical areas (CE/EE/LEDS), civil society and local governance	
Organize trainings on internal policies and procedures to meet USAID rules and regulations	IRG	STTAs	June 1 – September 30, 2014	Training materials and samples of internal policies and USAID rules/regulations	<ul style="list-style-type: none"> M 3.3: Comprehensive training provided according to Capacity

					Building Plans
Task 3.2 Facilitating Government-to-Government Assistance: preparing GOU institution(s) or local government(s) for a direct award from USAID	IRG	Consultants, Partners	Quarters 1, 2, 3, 4	Three municipalities or one GOU Agency are meeting USAID criteria and will be eligible for a direct award from USAID (subject to USAID guidance on G2G)	GOU Agencies selected. Capacity Building Plans prepared.
Coordinate with USAID on feasibility of G2G including conducting necessary assessments as will be directed by COR	IRG	STTAs	December 15, 2013 – January 30, 2014	USAID assessment/guidance on feasibility of G2G	<ul style="list-style-type: none"> M 3.4: G2G feasibility defined; all following activities will be subject to revision based on the assessment
Based on feasibility assessment prepare procedures for G2G implementation	IRG	Legal and budgetary experts (TBD)	February 1 – March 30, 2014	Draft procedures for G2G mechanism	
Conduct transparent selection process of municipalities and or the GOU Agencies (advertisement/ applications/review/selection)	IRG	STTAs	April 1 – April 30, 2014	USAID approve selection criteria and process. Selection process documents.	
Prepare the short-list of pre-selected municipalities and/or GOU Agencies for participation in the capacity building exercise. Organize kick-off meeting.	IRG	STTAs	May 1 – May 30, 2014	Short list established and approved by USAID. Materials of kick-off meeting.	<ul style="list-style-type: none"> M 3.5: Selection of GOU/local govt. organizations finalized
Conduct OCA to benchmark current status and focus the development of organizational capacity	IRG	STTAs	June 1 – July 30, 2014	OCA scorecard to evaluate progress and growth of capacity	
Develop Capacity Building Plan based on training needs identified in OCA	IRG	STTAs	August 1 – September 30, 2014	Capacity Building Plan (s) developed	<ul style="list-style-type: none"> M 3.6: Capacity building plan developed

Activity 4: Enhance Capacity for the GOU in Low Emission Development Strategies (EC LEDS)

Expected results: LEDS/REDS milestones and benchmarks met. The GOU's and other public and private stakeholders' capacity to develop and implement low emission development strategies is increased

Task Activities	Lead	Support	Completion Dates	Outcomes / Deliverables / Results	Milestone / Comments
Task 4.1 Strengthening institutional capacity in planning LEDS-REDS	IRG	Consultants, Partners	Quarters 1, 2, 3, 4	National Inventory System enhanced according to international best practices and deployed;	LEDS/REDS Work Plan developed and coordination

				Incorporation of LEDS-REDS into sectorial and local government strategies/action plans; Several GOU agencies able to use TIMES-MARKAL to develop GHG emission mitigation options; Institutional capacity of governments on LEDS/REDS improved – intra-government coordination established	established. National Inventory System enhanced. LEDS/REDS strategies developed; modeling tools prepared and used by the GOU
Assess all LEDS/REDS relevant strategies and policies including but not limited to National Action Plan on EE though 2020 and others with the view to enhance it	IRG	JurEnergio	October 1 – November 30, 2013	List of all LEDS/REDS policies and strategies made and introductory meetings with relevant institutions made	
Identify potential stakeholders and their LEDS-related needs and priorities including GOU agencies and international donor	IRG	JurEnergio	November 1 – December 30, 2013	List of stakeholders established. Their priorities defined.	
Establish cooperation with Ministry of Economy and USAID to define implementation priorities of EC LEDS MOU	IRG	JurEnergio	November 1 – December 30, 2013	List of priorities for implementation of EC LEDS MOU identified	
Develop LEDS/REDS Implementation Work Plan together with Ministry of Economy and other relevant stakeholders	IRG	JurEnergio	November 1 – December 30, 2013	MoU Implementation Work Plan drafted and accepted by Ministry of Economy	<ul style="list-style-type: none"> • M 4.1: LEDS/REDS Work Plan drafted and accepted by Ministry of Economy (all further activities are subject to inclusion (or revision) in the LEDS/REDS WP with MinEconomy)
Incorporate LEDS-REDS concept into GOU Annual 2014 Plan through the Presidential Center of Economic Reforms (champion of reforms)	IRG	IIEEC, JurEnergio	November 1 – December 30, 2013	GOU Annual 2014 Plan incorporates LEDS/REDS concept and/or elements On-going cooperation on LEDS-REDS concept established with Presidential Center of Economic Reforms	
Establish working inter-agency GOU coordination on LEDS/REDS and sub-groups at the department head level to facilitate deeper understanding and collaboration on potential sectorial LEDS strategies and action plans development	IRG	IIEEC, JurEnergio	December 1, 2013 – January 30, 2014	List of sub-groups; agenda; minutes of meetings; case-studies from other countries presented	<ul style="list-style-type: none"> • M 4.2: LEDS/REDS inter-agency GOU coordination established

Identify all relevant state bodies and scientific institutions together with from National Center of GHG Inventories and State Environmental Investment Agency that are involved and/or ought to be involved in data collection, management, analysis, data storage and reporting of GHG emissions and adsorption	IRG	IEEC	December 1, 2013 – January 30, 2014	List of state bodies and scientific institutions involved in GHG National Inventory System as per 5 th National Communication of Ukraine	
Conduct gap analysis of the National Inventory System in according to the latest IPCC Best Practices Guidelines and recent UNFCCC requirements	IRG	IEEC	December 1, 2013 – February 28, 2014	Gap Analysis Report as per IPCC Best Practices Guidelines and Tier Level Reporting Requirements	
Develop and implement a National Inventory System Enhancement Plan	IRG	IEEC	December 1, 2013 – June 30, 2014	Draft National Inventory System Enhancement Plan; minutes of stakeholders meetings	<ul style="list-style-type: none"> M 4.3: National Inventory System enhanced.
Build capacity of GOU working sub-groups on LEDS/REDS	IRG	CCS, IEEC	March 1 – July 30, 2014	Training seminars on LEDS/REDS process	
Strengthen institutional capacity at the Ministerial level (Ministry of Fuel and Energy, Ministry of Economy) to apply Ukraine-specific analytical tools TIMES-Ukraine for LEDS-REDS purposes	IRG	GWH, STTAs, Institute of Economics	June 1 – September 30, 2014	Development of analytical tools based on specific requests from Ministries that will allow users to examine model run results; training materials; templates and manuals will be provided on how to use of the analytical tools TIMES-Ukraine	<ul style="list-style-type: none"> M 4.4: LEDS/REDS analytical tools applied by two GOU agencies
Assist Ministry of Economy to apply UNIDO Green Industry Initiatives in emission sensitive sectors (e.g., metallurgical, cement, chemicals)	IRG	CCS, IEEC, JurEnerg	June 1 – September 30, 2014	Specific examples of LEDS/REDS planning developed and presented as a part of Resource Efficient and Low Carbon Industrial Production Center activity to facilitate sectoral strategy development, draft regulations on industrial efficiency drafted	
Assist the Ministry of Fuel and Energy and other relevant bodies to fulfill timely the obligations under EU Energy Community Treaty requirements regarding implementation of the EU Directive 2001/80/EC on reduction of emissions by large combustion plants (LCP)	IRG	CCS, IEEC, JurEnerg	June 1 – September 30, 2014	Working group established on ad hoc basis to set up on-going coordination between relevant state bodies and key private sector players. Action Plan by 2018 is drafted and introduced on inter-ministerial level LEDS/REDS component is analyzed and reflected	<ul style="list-style-type: none"> M 4.5: Road Map developed and LCP Directive focal point appointed
Conduct a targeted public awareness campaign together with other donors and private sector participants to ensure buy-in and civil society support of LEDS/REDS	IRG	OPORA	March 1 – September 30, 2014	Information materials, minutes of public meetings	

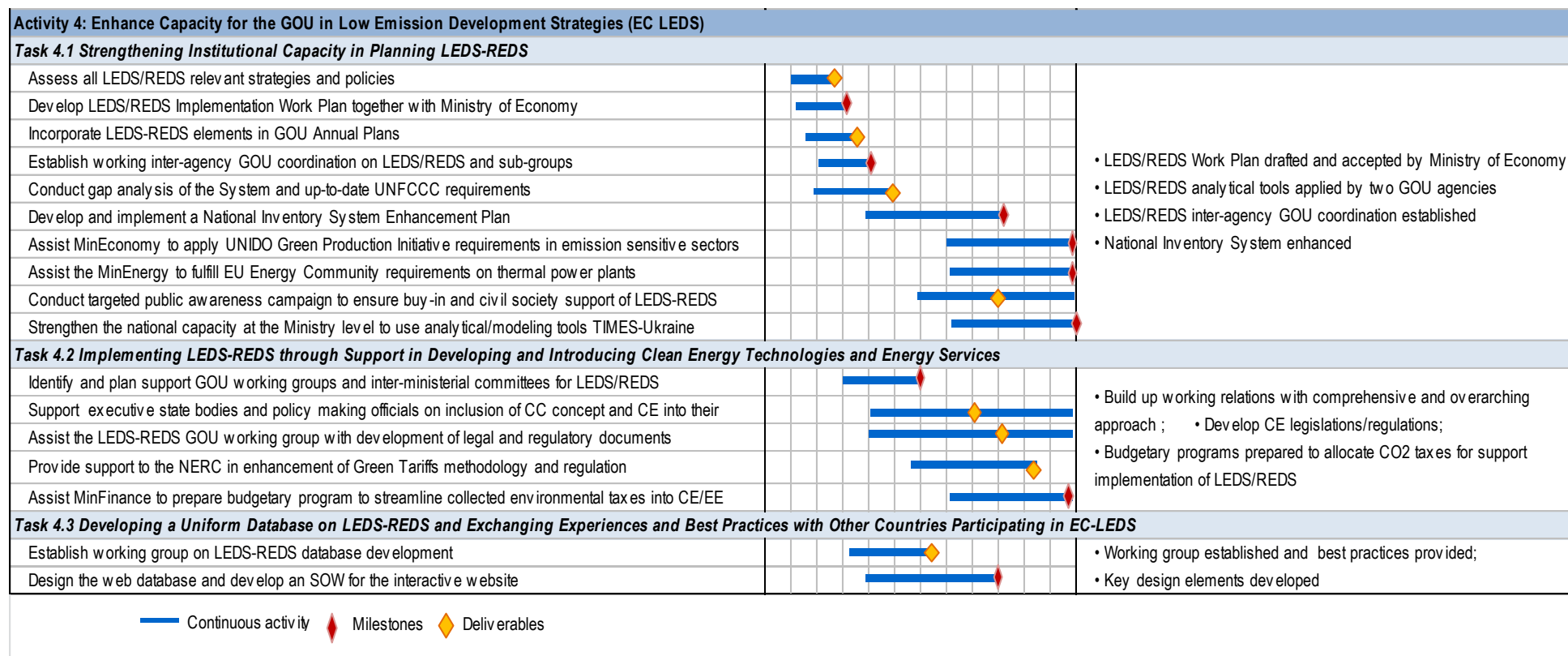
Task 4.2 Implementing LEDS-REDS through support in developing and introducing clean energy technologies and energy services	IRG	Consultants, Partners	Quarters 1, 2, 3, 4	LEDS/REDS legislation developed and approved (score card: at least five legal/regulatory acts); At least five CE/EE projects developed, financed, and beginning implementation with a total value of \$10M	LEDS/REDS legislation improved. CE/EE project identified.
Identify and plan support GOU working groups and inter-ministerial committees for LEDS/REDS pieces of legislation and regulatory documents drafting	IRG	STTAs, JurEnerg	January 1 – March 30, 2014	List of all relevant WG and IMC developed ,on-going working relations established	<ul style="list-style-type: none"> M 4.6: Build up working relations with comprehensive and overarching approach
Advise and support executive state bodies/agencies and policy making officials on inclusion of climate change concept and clean energy into their leadership agendas, and process and policy options	IRG	CCS, STTAs	February 1 – September 30, 2014	Assessments, analysis, agenda, minutes of meetings. On-going relations established	
Perform GAP-analysis of the European and Ukrainian legislation on issues of atmosphere emissions, provide recommendations on introducing the provisions of European legislation to Ukrainian legislation	IRG	JurEnerg	February 1 – March 30, 2014	Analytical report with recommendation for GOU	
Support GOU working groups for relevant legislation drafting for LEDS	IRG	STTAs, JurEnerg	February 1 – April 30, 2014	Analytical documents, draft regulation and legislation	
Provide support to the NERC in enhancement of Green Tariffs methodology and regulation to ensure competitive and fair market conditions for CE investments	IRG	MDI, JurEnerg. STTAs	March 1 – August 30, 2014	Green Tariffs methodology improved	
Provide assistance to relevant bodies and institutions to enhance the Ministry of Finance and other ministries to prepare budgetary programs with aims to streamline allocation of collected CO2 environmental taxes into CE/EE projects	IRG	IBSER	May 1 – August 30, 2014	Budgetary programs developed for better M&E of CE/EE projects	<ul style="list-style-type: none"> M 4.7: Budgetary programs prepared to allocate CO2 taxes for support implementation of LEDS/REDS.
Prepare policies and programs for LEDS-REDS project specifications/guidelines and financing mechanisms	IRG	IEEC	Year 2	Specifications and guidance for financing mechanisms	
Assist cities and utilities in preparing CE investment projects	IRG	IEEC	Year 2	CE/EE project identified	

Task 4.3 Developing a uniform database on LEDS-REDS and exchanging experiences and best practices with other countries participating in EC-LEDS	IRG	Consultants, Partners	Quarters 1, 2, 3, 4	Uniform database established in accordance with international best practices; Ukraine integrated into international cooperation on LEDS-REDS	Develop a basis for uniform database.
Establish working sub-group on LEDS/REDS database development	IRG	STTAs, IEEC	January 1 – March 30, 2014	Working group established	
Design the web database and develop an SOW for the interactive website	IRG	STTAs, IEEC	April 1 – July 30, 2014	Design documents and SOW	<ul style="list-style-type: none"> • M 4.8: Key design elements developed for data base

Activities and Subtasks	Months												Expected Results for Year 1
	1	2	3	4	5	6	7	8	9	10	11	12	
Inception and Mobilization Phase													
Mobilization of project team: preparation of job responsibilities and agreements	<div></div>												
Selection of the project office. Preparation and signature of lease agreement	<div></div>												
Meetings with the partners and agreement on the terms of cooperation and work schedule	<div></div>	<div></div>											
Updated work plan for Year 1 and PMP prepared and submitted to USAID COR	<div></div>	<div></div>											
Project kick-off conference organized with the GOU representatives, cities, energy professionals, NGOs, and		<div></div>	<div></div>										
Project registration in MinEconomy			<div></div>	<div></div>									• Project fully operation
Activity 1: Improve Clean Energy Regulatory and Legislative Enabling Environment													
Task 1.1 Developing Enabling Legislative and Policy Environment													
Meet Presidential Ctr Econ Reforms to discuss high level GOU WG on municipal energy reform	<div></div>												
Assess current status of CE/EE legislation; include LEDS in GOU Annual Plans for legislation development		<div></div>	<div></div>	<div></div>									• Key Priority list of CE/EE legislation/ regulations established;
Establish and support mid-level experts group on development/improvement of specific bills		<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	• Advanced donor coordination established
Prepare draft legislation/regulations and discuss them with key stakeholders			<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	• Preparation of 2 key draft laws and advanced donor coordination in Year 1
Organize presentations and experts' support to the Rada Committees, ensure public participation				<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	
Upgrade donor coordination platform: new e-portal and secretariat		<div></div>	<div></div>	<div></div>	<div></div>	<div></div>							
Task 1.2 Supporting Energy Efficiency Standards													
Establish WG with MinRegion and SAAE on development of energy standards		<div></div>	<div></div>	<div></div>									• Preparation and passage of key standards on energy management and energy audit
Review current implementation status of National Plan for Energy Standards		<div></div>	<div></div>	<div></div>	<div></div>								
Draft first standard on energy audit based on EU norms			<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	
Conduct gap analysis to compare ISO50001 requirements with Ukrainian norms on energy management			<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	
Prepare draft standard on Energy Management and present it for consideration of GOU WG				<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	
Task 1.3 Improving Tariff Setting													
Establish on-going coordination with SIDA/WB technical assistance project			<div></div>	<div></div>	<div></div>								• Assets evaluation methodology developed as prerequisite for RAB
Assist NCCSMR in obtaining political approval of the GOU for enforcement of a Gradual Tariffs Increase Plan			<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	• RAB methodology developed for all sub-sectors
Assist NCCSMR on quality assurance and quality indicators for communal services			<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	
Extend RAB methodology to all communal services regulated by NCCSMR				<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	
Provide assistance on evaluation of assets needed for introduction of RAB methodology				<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	
Organize educational and advocacy campaigns with civil society organizations				<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	
Task 1.4 Improving Social Safety Net Policies													
Assist GOU WGs to incorporate new social protection regs in Annual Plans of the Presidential Prgm of Econ	<div></div>	<div></div>	<div></div>										• Best international practices on subsidies provided that are direct, targeted, means-tested, and/or monetized
Assessment on current status of GOU actions to incorporate MHRP recommendations on social safety nets		<div></div>	<div></div>	<div></div>									• New approach for social protection of low-income consumers agreed with stakeholders
Cooperate with the WB on coordinated strategy for improvement of social protection of low-income customers			<div></div>	<div></div>	<div></div>								
Work with the Ministry of Social Policy in order to get buy-in improvement of social safety nets			<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	
In coordination with WB prepare proposals for changing current system of privileges and improve subsidies				<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	
Provide analytical assessments to determine social norms for consumption (to decrease privileges)					<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	
Engage CSOs to facilitate the consideration and movement of legislation/regulation through the Rada			<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	

Task 1.5 Regulatory Information System Development		
Establish WG with the NCCSMR on RIMS		<ul style="list-style-type: none">• System functionalities developed and agreed• Tender documents prepared for both software and hardware
Review system requirements and functions		
Develop detailed requirements for each module and detailed requirements for hardware		
Assist the NCCSMR in preparing specifications and tender documents for software development		
Task 1.6 Developing Utility Benchmarking		
TA and capacity bldg for NCCSMR/utilities to develop and apply standardized accounting and reporting		<ul style="list-style-type: none">• New regulatory accounting principles taught to utilities• Utilities trained to properly implement accounting• New regulatory benchmarking system developed
Assist 10 pilot utilities in applying new accounting rules		
Develop a methodology for conducting benchmarking for identification of quality of utility supply services		
Train NCCSMR HQ and nine regional offices to build capacity of utilities for reporting benchmarking indicators		
Assist NCCSMR on monitoring/ data collection from utilities to ensure compliance with new regulation		
Task 1.7 Capacity Building		
Assess training needs and agree on training areas for NCCSMR HQ and nine regional offices		<ul style="list-style-type: none">• Capacity of NCCSMR and regional offices improved• Capacity of MinRegion improved• Established international contacts with NARUC/ERRA
Conduct seminars for reg offs on key functions; org spt; transparency; consumer protection; assuring		
Assess training needs and agree on training areas for MinRegion and PIUs		
Conduct seminars for MinRegion and PIUs on management of international projects		
Assist MinRegion and Project Implementation Units on international procurement procedures		
Assist NCCSMR to participate as an associate member in international associations of regulators		
Activity 2: Promote Investment In Clean Energy Technologies And Applications		
Task 2.1 Developing Cooperation Strategies		
Conduct assessment and coordinate with IFI programs/investments in municipalities and municipal utilities		<ul style="list-style-type: none">• Selection strategy developed and approved by USAID/IFIs• MOUs signed with 6 "quick start" cities to participate in MERP
Evaluate performance of MHRP municipalities with respect to implementation of their MEPs		
Review and agree city selection strategy with IFIs and USAID		
Conduct selection of the "quick start" group of 6 cities and sign MOUs		
Task 2.2 Assisting Municipalities with Planning, Preparing, and Financing for Clean Energy Projects		
Conduct needs assessment and consultations with the Covenant of Mayors and European Commission on		<ul style="list-style-type: none">• Energy audits and CO2 inventories conducted in 6 cities;• 6 SEAPs developed;• PIUs supported in partner cities
Update SEAP methodology to Ukrainian conditions (based on MHRP MEP MODEL methodology)		
Organize introduction seminar on SEAPs (MODEL) for first group of selected cities		
Assist cities in establishing City Advisory Committees and expert WGs for SEAPs development		
Harmonize "MODEL" methodology; transfer MEIS to cities and provide data from national planning model		
Conduct energy audits to evaluate baselines/est. potential for EE/CE/GHG emissions reduction for key		
Compile database for each city: apt. and public buildings, historical energy use, energy production, transport		
Assist PIUs to support IFIs loans		
Prepare SEAPs and present to key stakeholders		
Support Resource Centers to educate local civil society organizations in CE/EE		

Task 2.3 Introduction of Energy Management Systems		
Introductory training to partner cities on the energy management cycle and ISO 50001 requirements		• Energy management systems training and support provided to 6 partner cities based on ISO 50001 in Year 1
Agree with the city management on development of energy management system; assist in identifying goals		
Assist partner cities in preparing energy management procedures and tools according to ISO 50001		
Task 2.4 Development Credit Authority Loan Guarantee		
Conduct assessments of local banks and IFI programs to identify local partners willing to use DCA		• Bank Lviv is well informed about CE/EE projects and borrowers; • Local banks trained on CE/EE; • Local potential DCA partners identified
Conduct training seminar to Bank Lviv on CE/EE projects to support utilization of DCA		
Conduct training seminar for candidate banks (pre-selected for DCA) on CE/EE projects and utility operations		
Task 2.5 Support Mechanisms that Mobilize Private Sector Investment		
Assist the GOU/Rada in approving a draft law on ESCO/EPC		• ESCO/EPC Legal basis improved by end of Year 1 • PPP Legal basis improved • PPP opportunities identified
Develop ESCO models for cities and propose risk-sharing strategies between public and private partners		
Provide training to the municipalities on PPP tools and support private sector financing in the cities		
Assist cities in identifying CE projects that could attract private sector investments		
Task 2.6 Preparation of Sustainable Energy Public Awareness Plan and Development of Related Materials		
Develop Information Strategy for municipalities and targeted National Outreach plan		• Conduct public information campaigns in 6 selected municipalities in Year 1 • Ensure public and civil society support to CE/EE measures
Focus groups find local activists to mobilize civil society support for CE/EE issues, particularly behavior		
Provide PSAs; organize public outreach events for local NGOs, interested associations, and the general		
Hold expert energy briefings for media followed by trainings on the range of story options		
Targeted outreach to low-income residents in support of Ukraine's social safety net		
Activity 3: Capacity Building and Dissemination		
Task 3.1 Preparing a Local Non-Governmental Organization for a Direct Award from USAID		
In consultation with USAID, develop criteria and select local organizations to receive capacity building		• 4 local NGOs are trained and their operations are improved
Conduct Organizational Capacity Assessment (OCA) to provide baseline for performance improvement		
Develop Capacity Building Plan for each selected NGO		
Training on org cap (M&E, HR & fin mgmt, strat plng), tech skills (CE/EE, LEDS, stronger civil society and		
Trainings on internal policies and procedures to meet USAID rules and regulations		
Task 3.2 Facilitating Government-to-Government Assistance: Preparing GOU Institution(s) or Local Government(s) for a Direct Award from USAID		
Coordinate with USAID on feasibility of G2G		• G2G feasibility defined and agreed by USAID • Qualifying GOU agencies and/or cities identified; • OCA and Capacity Building Plans prepared
Based on feasibility assessment prepare procedures for G2G implementation		
Transparent selection of cities and or the GOU Agencies (advertisement/applications/review/selection)		
Short-list of pre-selected cities and/or GOU Agencies to participate in capacity bldg exercise. Organize kick-off		
Conduct OCA to benchmark current status and focus the development of organizational capacity		
Develop Capacity Building Plan based on training needs identified in OCA		



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